



Conserving the goodness of nature

Sustainability Report 2021



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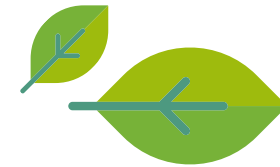
GRI Index



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to learn more



Hero Spain's commitment



At Hero Spain we aim to do things at least as well for the next hundred years

Hero Spain turns 100 in 2022 as leaders in the jam and children's food sectors. A hundred years in which society has undergone countless changes and difficult times but during which we have always been a benchmark of quality and confidence for the millions of families who have trusted and continue to trust us, taking care of them in the moments that really matter.

We have only been able to do this because we have always been committed to doing things properly from our very beginnings. Sustainability is an integral part of our DNA and for that reason we have always sought to improve and grow hand-in-hand with the environment and with suppliers and workforce of local and nation-wide scope whenever possible. We aim to develop our people's talent and have a sustainable impact in harmony with the areas in which we operate.

Now, at a time when Spain and the rest of the world are immersed in a period of uncertainty, our goal here at Hero Spain is to honour our legacy by continuing to do things at least as well for the next hundred years, to continue growing and improving to fulfil our mission: to delight consumers by conserving the goodness of nature.

This is a promise that everyone who forms part of Hero Spain has worked tirelessly to fulfil during 2021: to change words into deeds. We present our Sustainability Report to inform you of our recent progress and degree of compliance with the goals set in this project for the year 2021 in accordance with the GRI standards, Act 11/2018 on disclosure of non-financial information, the principles of the Global Compact and the Sustainable Development Goals.



Javier Uruñuela Fernández
General Manager
Southern European Cluster



Hero in numbers

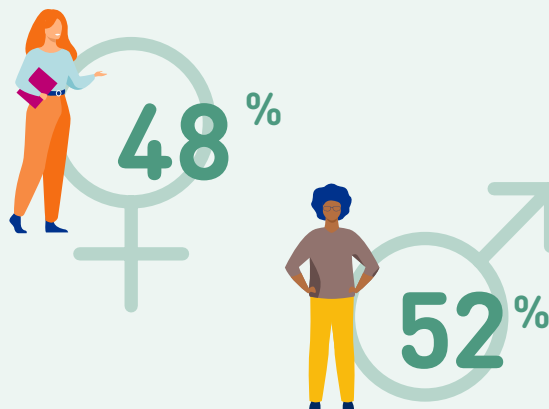
Hero española S.A.

Founded in

1.922

in Alcantarilla (Murcia)

Employees: 802 full-time employees



Categories:

1. Children's food
2. Healthy snacks
3. Jam
4. Others

Channels:



Turnover: **172.851** €
Million

EBITDA: **6.349** €
Million

Production
in tonne: 59.178



Delight consumers by conserving the goodness of nature.



Materiality matrix

Focussing our efforts



Materiality matrix

Focussing our efforts

Our commitment to sustainability is at the centre of our mission. We have always seen nature as a companion we care about and for whom we need to make an even greater effort to foster change.

That's why we are conducting a materiality assessment and matrix in 2020 and presented a new sustainability strategy to become climatically positive when taking our full impact "from farm to fork" into account.

This materiality matrix is the starting point of our journey towards the goal of being climate-positive and it will continue to guide us in 2021.

We will take the following steps to implement the materiality assessment:

1. Definition of the **stakeholders**
2. Definition of the **issues and aspects to be analysed**
3. Drafting a **questionnaire** to assess the importance and performance of the selected issues and distributing it to all the company's stakeholders
4. Identification of the **most important issues for all stakeholders and comparison with the importance of these issues for the company**
5. Drawing of the **materiality matrix**
6. **Analysis of conclusions by stakeholder**
7. Drafting of a **strategic plan in which the responses of the stakeholders are taken into account**

The survey of our stakeholders (employees, consumers, suppliers, customers, associations/institutions, NGOs and the communications media) was conducted online with a dual focus: to ascertain the degree of importance for the stakeholders and the degree of the performance by the company. **The survey was composed of 39 items and we received 909 replies.** We are currently working to establish the participation frequency.

On the right, we present the questionnaire results using a materiality matrix.

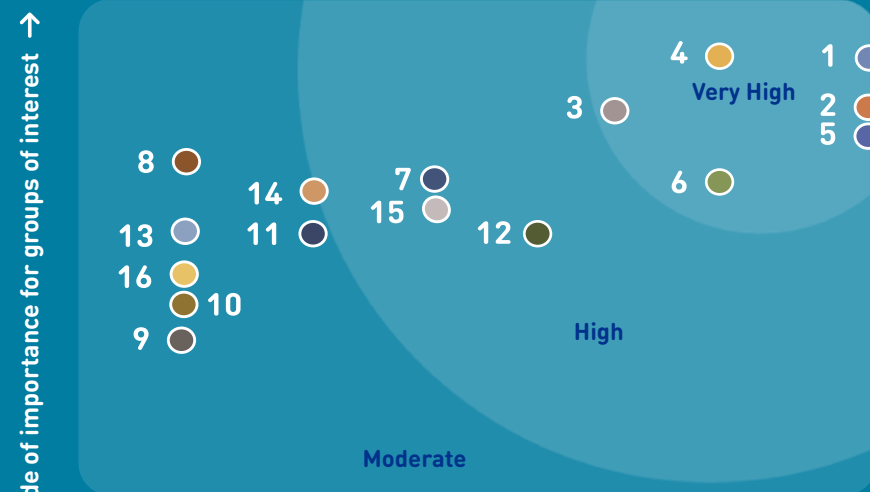
As you can see, the following were the most significant material aspects and those with the highest ratings:

Certain social tendencies such as the following were also observed in the results:

1. Concern for environmental issues
2. Generalised social demand for transparent, ethical companies
3. Current trends such as "realfooding" that demand more natural products and less processing.

Thanks to the results of the materiality matrix, we are able to provide the following Sustainability Strategy based mainly on the six main aspects identified above.

Grade of importance for groups of interest →



Company performance level →

- 1 ○ Product quality
- 2 ○ Manufacture of natural products
- 3 ○ Compliance with the law
- 4 ○ Consumer satisfaction
- 5 ○ Market presence
- 6 ○ Innovation
- 7 ○ Environmental protection
- 8 ○ Data protection
- 9 ○ Transparency policies vis-à-vis stakeholders
- 10 ○ Worker training
- 11 ○ Ethical marketing
- 12 ○ Risk management
- 13 ○ Proper waste management
- 14 ○ Occupational health and safety
- 15 ○ Good company management
- 16 ○ Beneficial economic impact on society



Four pillars

Our commitment to sustainability



Our commitment to sustainability is at the centre of our mission to “delight consumers by conserving the goodness of nature”. We have always seen nature as a companion we care about and for whom we need to make an even greater effort to foster change.

Implementing responsible business models is now more important than ever.

Aware of this situation, here at the Hero Group we have gone a step further in our commitment as a socially responsible company. We are convinced that we have to make a greater effort to drive change for a more sustainable world.

That's why we have made a clear commitment to become climate-positive. This ambition to give back more than we use springs from the Hero Group itself and involves its members including, of course, Hero Spain. It means we will eliminate all the greenhouse gases that we emit on the journey “from farm to fork” from the atmosphere.

We will focus on contributing to the UN Sustainable Development Goals, especially goals 3, 12, 13, 15 and 17.

We will not only count our own activity but also that of our suppliers and customers. To achieve these goals and continue to fulfil our mission, we have designed a roadmap that places the spotlight firmly on the planet, the product and the people. In line with this, we have defined the four pillars that will guide our sustainability strategy:

STRATEGY

1

Sustainable Sourcing

We work in partnership with our suppliers on sustainable agriculture and fair labor conditions. We are also innovating to make our ingredient sourcing and packaging more sustainable.

2

Net Neutral Production

We are making our operations carbon neutral by conserving energy and water, reducing waste, switching to renewable energy, and balancing our footprint.

3

Naturally Healthy Food

We aim to capture and conserve the quality and goodness of nature and are always innovating to make our products better for both people and the planet.

4

Purposeful people

We strive to keep our team feeling engaged, included, and motivated. We support employee development, safety at work and social responsibility in our communities.

In defining our goals, we work to support the United Nations Sustainable Development Goals for 2030. Particularly:





Sustainability strategy



Purpose, Scope and Methodology

This Non-financial Information Statement from Hero Spain S.A. for the 2021 financial year provides information on the economic, financial, social, labour-related and environmental aspects of the company's performance.

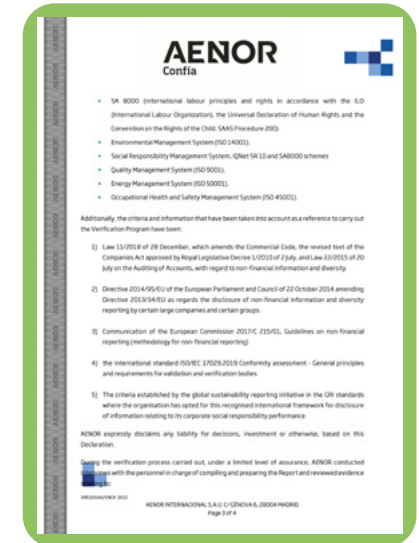
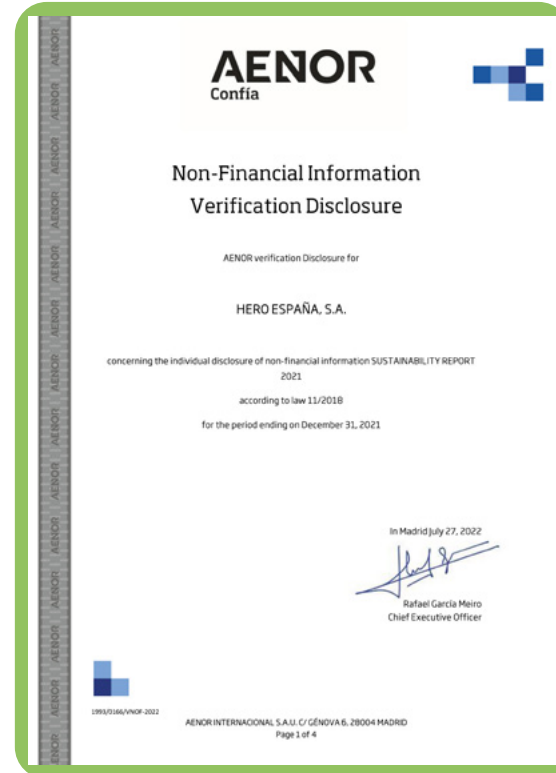
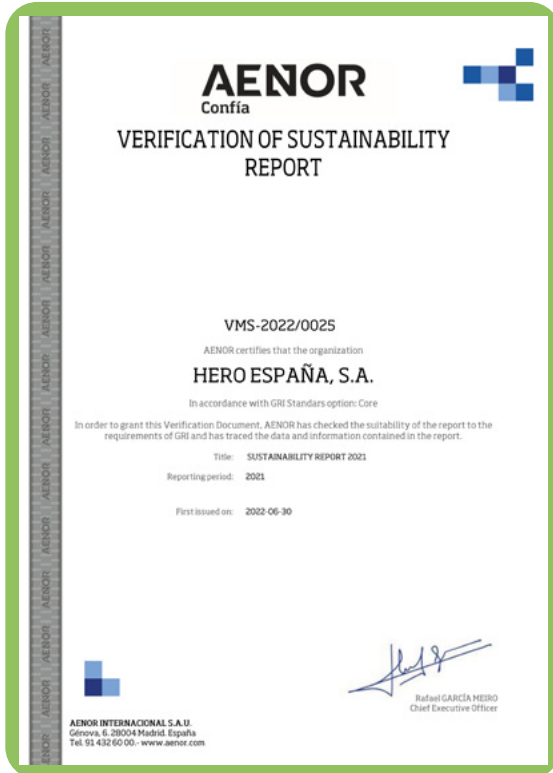
It mainly focuses on the 2021 financial year, although it also provides information on previous years to give readers an overview of the variation in the indicators in the medium term.

This report complies with the Global Reporting Initiative (GRI) standards. The 10 principles of the Global Compact and the UN Sustainable Development Goals (SDG) have also been taken into account.

This sustainability report contains Hero Spain's response to the requirements of Act 11/2018 of 28 December on non-financial information and diversity that amends the Commercial Code, the consolidated text of the Capital Companies Act approved by Royal Legislative Decree 1/2010 of 2 July and Act 22/2015 of 20 July on accounting audits.

The data for the 2021 financial year set forth in this report have been verified by AENOR.

Please contact the Group at the following email address if you have any queries: comunicacion@hero.es.





Towards a climate-positive organisation



Implementing responsible business models is now more important than ever. Aware of this situation, here at the Hero Group we have gone a step further in our commitment as a socially responsible company. We are convinced that **we have to make a greater effort to drive change for a more sustainable world.**

Our ambition is to **become a climate-positive organisation.** It means we will **eliminate all the greenhouse gases that we emit on the journey** "from farm to fork" from the atmosphere.

We will not only count our own activity but also that of our suppliers and customers. To achieve these goals and continue to fulfil our mission, **we have defined the four pillars** on which this policy rests.





1 Sustainable Sourcing

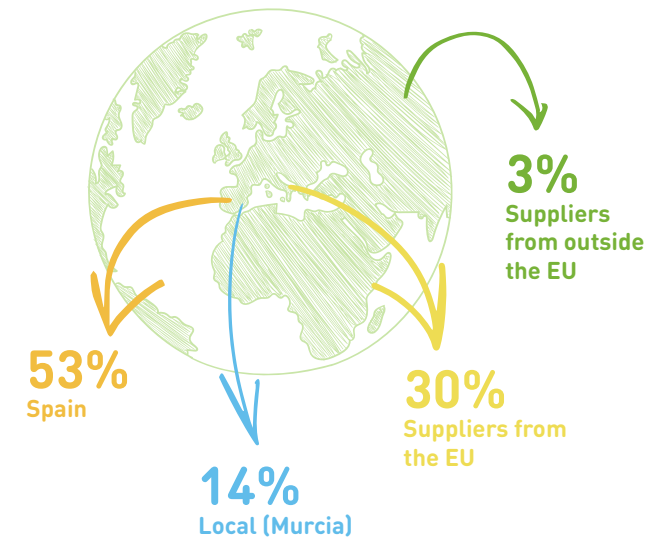
The aim is to conserve raw materials by strategic, sustainable sourcing, working closely with our suppliers and farmers to make a positive impact on the biological diversity and health of the soil.

Hero Spain's Purchasing Department has put a procurement manual in place that sets forth the purchasing policy and strategy to source the provisions we use in line with our social, sustainability, environmental and ethical values.

At Hero Spain, we have set up a supplier assessment system with SEDEX, the world's largest collaborative platform for sharing responsible sourcing data on supply chains, used by more than 50,000 members in 150 countries.

SEDEX provides an online system to collect and analyse information on responsible business practices in supply chains and a series of reporting tools that enable Hero Spain to keep track of the performance of its suppliers in addition to assessing the risks involved in dealing with them in terms of sustainability (labour-related aspects, health and safety, care for biodiversity, food safety and quality and climate change, among others).

% of suppliers of raw materials, packaging and finished products by origin in 2021

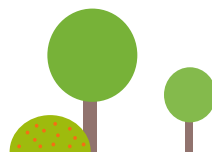


"67% of our suppliers are local or national."

Hero Spain encourages its suppliers to sign the company's Code of Conduct, and 50.1% have already done so. We perform conduct in-situ audits in accordance with the annual plan drawn up by the Innovation and Quality Department in which the audits to be carried out and the audit team responsible in each case are scheduled.

Depending on the type of supplier to be audited and the field of application or scope of the audit (certification, follow-up, hygiene, quality and complaints, among others) the performance of the audit will include the preparation, execution and results phases.

The Raw Material Analysis Plan implements the internal monitoring of suppliers by means of analytical raw material testing. This is computer-based monitoring through which the required intervals are assigned by date for each type of material in such a way that a relationship is established between the analysis date and the parameters to be analysed.





Sustainable procurement

Within the sustainable supply policies presented in the EMAS 2020 declaration, two objectives were established. The reduction of the percentage of cane sugar and the sustainability certification of the chain of custody of the fish products consumed in our products.

Regarding the first objective, consisting of reducing the percentage of sugar from sugarcane origin, replacing it with beet origin, a reduction of 12.2% was achieved, achieving the objective set, quantifying a decrease of 436 t of CO₂eq. issued in 2021.

-12.2%



Cane Sugar

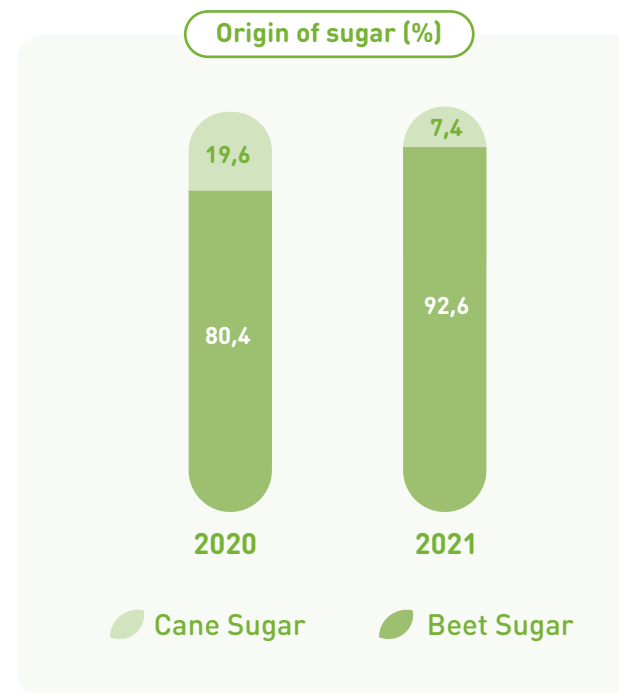


Beet Sugar

Certifications:



We calculated CO₂ emissions on the basis of the emission factors applied in the international Ecoinvent life cycle assessment (LCA) databases.



On the other hand, we were also granted sustainability certification for the chain of custody of the fish products consumed in our products under the MSC and ASC Chain of Custody Standards.

The MSC is the only global wild-capture fisheries certification program that simultaneously meets best practice requirements set by the UN Food and Agriculture Organisation, Global Sustainable Seafood Initiative (GSSI) and ISEAL. ASC Certification, on the other hand, is awarded to compliant farmed fish and seafood products.



2 Net Neutral Production

Conserving natural resources by carbon-neutral operation of all our own production facilities and working with our co-manufacturers to drive this ambition together. Hero Spain has implemented an Environmental Management System certified by AENOR under the international UNE-EN-ISO 14001 standard and is registered in the EMAS Registry with No. ES-MU-000002.

Likewise, Hero Spain has also taken out voluntary environmental civil liability insurance despite being exempt from placing a monetary surety since the Company complies with the two exemptions provided for in sections a) and b) of article 28 of Act 26/2007 of 23 October on environmental responsibility: We are certified under the ISO 14001 standard, associated permanently and continuously with EMAS and the Company represents an environmental risk the primary damage remediation of which would cost less than € 2,000,000.

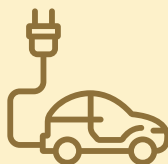
The measures we took in 2021 aimed at meeting the objectives set in the 2020 EMAS Declaration focused on the following aspects:



Saving water consumption



Improving waste recovery



Sustainable transport

1. Saving water consumption



Water consumption constitutes one of the most significant environmental impacts of the agri-food industry. 99% of the water we consume is treated groundwater and the remaining 1% comes from the public supply network. Water consumption was earmarked as an aspect with considerable room for improvement in the Company's latest environmental performance study.

A multidisciplinary working group composed of people from various areas in the Company was created in 2021 to conduct a review of water consumption in the cleaning and thermal treatment stages of our production processes. In view of the conclusions, we have applied a series of measures to optimise the use of cleaning water, eliminate unnecessary phases and reuse water in certain thermal sterilisation processes. Once these measures were implemented, the water consumption indicator fell by 0.23 m3 per ton in 2021 to record a total of 14,040 m3. This represents a 3.1% reduction in the indicator, easily surpassing the target of 2% set in the 2020 statement.

m3/t manufactured

7,48



2019

7,42



2020

7,19



2021



2. Improving waste recovery



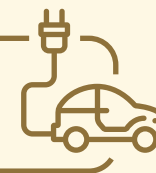
At the beginning of 2021 the Company decided to classify the solid waste (similar to municipal solid waste) that it generates.

The study revealed that 15% of this waste – which had not been subject to recovery before this – could be sent to a new plant for subsequent energy recovery.

Continuing with the policies to reduce waste disposal in landfills, since April 2021 **all non-hazardous solid industrial waste generated in Hero Spain's facilities is now recovered**. We have therefore achieved the target of recovering 99% of this waste set in the latest EMAS Declaration.

he indicator shows that use of the aforesaid truck reduced the supplier's carbon footprint by 3%, which translates into a reduction of 55,115 kg of CO₂ emitted into the atmosphere and amply surpasses the target of 0.5%.

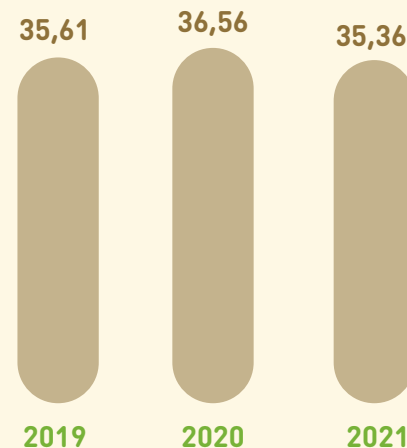
3. Sustainable transport



In 2021, one of the main transport partners that works for Hero Spain acquired a truck powered by liquefied natural gas (LNG). This change to a means of transport with a lower carbon footprint represents an important advance in the process of implementing sustainable transport policies.

A single supplier manages most (70%) of the logistics network for delivery of raw materials and shipment of finished products from Hero Spain's facilities. Since the remaining logistic arrangements are quite complex, it is difficult to collect reliable data on 100% of our transport needs and consequently the following graph only shows the variation in the carbon footprint of the major supplier.

Kg CO₂ / tonne of product transported





Our goals to continue conserving the goodness of nature

Non-Hazardous Waste Management (NHW)



The non-hazardous waste generated by industrial activity at Hero Spain is segregated in dedicated containers at the generation points and subsequently sent for disposal to officially authorised waste managers.

Our waste-related policies are based on the **principles of reduction, reuse, energy generation and recycling**. For these purposes Hero Spain develops food waste reduction projects by reducing losses in processes, precision in manufacturing batch planning, reduction of packaging and the drive for final recovery alternatives to reduce the amount of waste sent to landfill.

The following graphs show the significant reduction of waste that ends up in landfills against the increase in the amount recovered. The change from sending municipal solid waste-type residues to landfill to recovering them for reuse, recycling or energy generation as of the month of May is responsible for these reductions. This policy has meant that 170 tonnes of solid waste has been harnessed instead of being sent to landfill.





Hazardous Waste Management (HW)

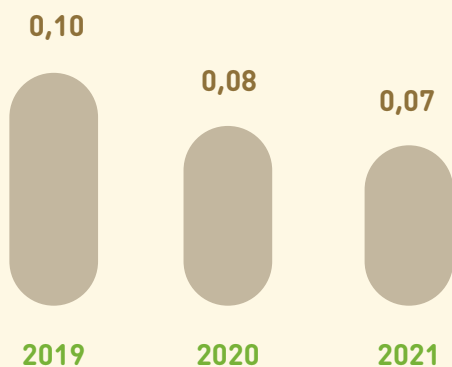


Hero Spain, registered with number 1277 on the HW Registry, is authorised to produce a small amount of hazardous waste generated in auxiliary operations associated with cleaning, maintenance and controls performed in the laboratory.

Like NHW, HW is segregated at the generation point and subsequently sent to officially authorised waste managers for disposal. The indicator shows that the generation of HW has increased slightly compared to the previous year as a result of the depletion of several used batteries.

We are working to replace our lead-acid batteries with more sustainable lithium batteries that are also more efficient and have a longer useful life by 2022.

Kg HW generated/ t manufactured



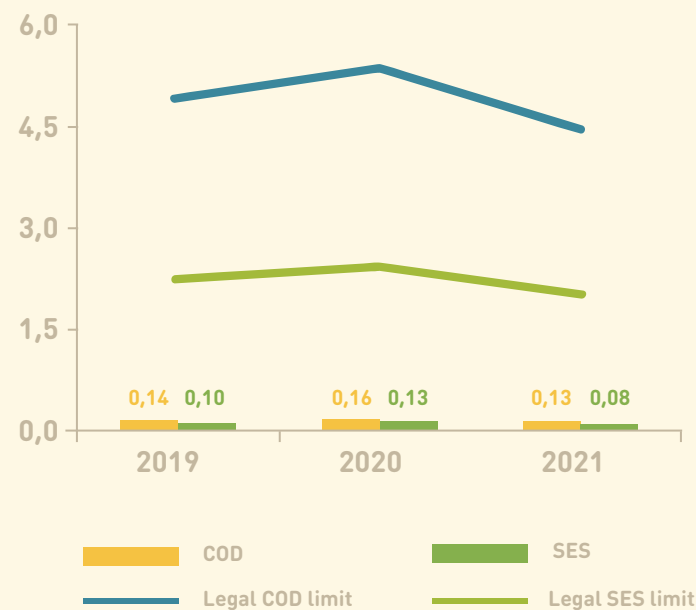
Effluent discharges



Hero Spain has an industrial wastewater treatment plant (IWWTP), thanks to the excellent performance of which the treated water quality indicators are well below the upper thresholds for contaminant content set by the competent environmental authorities.

The following graph shows the variation in behaviour of the COD* and SS** parameters.

Parameters kg to landfill/ t manufactured



*COD (chemical oxygen demand); and **SS (suspended solids)



Emission of greenhouse gases

Direct emission of greenhouse gases in Hero Spain comes from the combustion required to operate five industrial boilers, from several auxiliary generator sets and from minor leaks of refrigerants in the cooling facilities.

The following graph shows that there has been very little variation with respect to the figures for previous years. We are currently seeking alternative low-emission technologies and working on a review of our thermal processes to optimise the consumption of natural gas.

*** The CO₂eq emitted is calculated following the recognised standardised conversion factors.**



Energy consumption

We are currently working to apply new low-carbon technologies and to optimise our thermal processes. As can be seen from the following graphs, there are no major differences between 2021 and previous years in terms of energy consumption for manufacturing and storage..

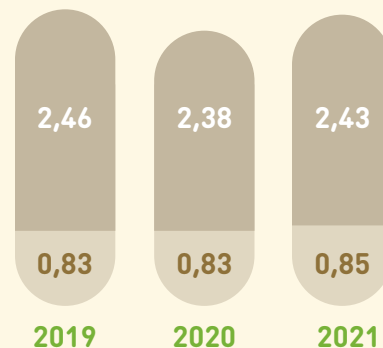
The first graph shows the indicator for electric power and natural gas consumed in the factory per tonne of manufactured product, while the second shows electric power consumption for storage per ton handled.

In the first graph you can see a slight increase in energy consumption mainly due to development of some of new dehydrated product processes.

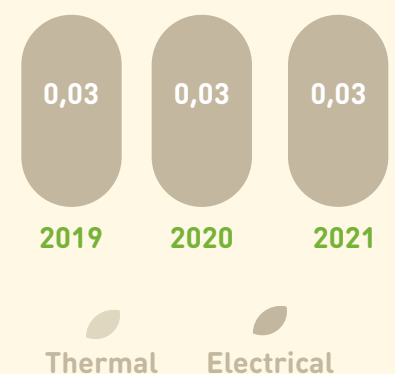
The second graph shows that electric power consumption in the logistics warehouse remains steady with respect to previous years.



Gj energy consumed/ t manufactured



Gj consumed / t manipulated



Thermal

Electrical



Efficiency in the use of materials

The graph shows consumption of the receptacle/packaging materials and the raw materials of which they are composed over the last three years. Consumption of raw materials remains steady throughout the period and the use of receptacles/packaging rises slightly in the period under review due to an upturn in production of children's food in sachets. All the receptacles and packaging employed is renewable provided they are disposed of in a responsible manner that ensures that they are valorised once they become solid municipal waste.

% Energy consumed from renewable sources



Noise and light pollution

We monitor the noise and light emitted from the façades of all our premises on an annual basis and the results are always well below the local thresholds. Noise outside the building envelope is negligible when the acoustic emission of the predominantly urban surroundings (traffic noise) is taken into account.

All our outdoor lighting facilities comply with the provisions of Royal Decree 1890/2008 of 14 November that approves the energy efficiency of outdoor lighting regulation and the complementary technical instructions EA-01 to EA-07 of the Spanish Technical Building Code.

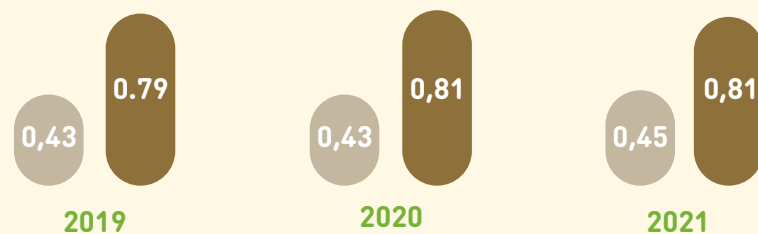
Hero Spain has installed programmable on-off lighting switches adjusted to the time of year and regulated by ambient light intensity sensors so that our nocturnal activity does not affect perception of the landscape surrounding our premises.



Renewable energy consumption

We do not generate electricity, but Hero Spain acquires all its electric power from companies that distribute electricity from the Spanish National Grid. The utility guarantees that 100% of the energy supplied is from renewable sources. Using this supplier fosters the use of clean energies and also drives global reduction of the impact of CO₂eq emissions associated with the generation of electricity at source.

t raw material / t manufactured



Receptacles /packaging Raw material components



3

Naturally healthy Foods

We will preserve the goodness of nature by providing naturally healthy foods. We will leverage our brands to educate and collaborate with consumers on a holistic diet good for us and for the planet. We will enhance our portfolio to give consumers more

naturally healthy options – more of the good like nuts and whole grain and less of the bad like refined sugar and red meat.



Extensive product catalogue



Hero Spain innovates, manufactures and distributes a wide range of food with the best products that nature provides and implements an extremely careful manufacturing processes to provide consumers with natural food of the highest quality. That is our way of actively and positively contributing to sustainable development.



Infant cereals

Cereals form the basis of our nutrition and are usually the first food given to babies after their mother's milk. They are also rich in essential nutrients and contribute to proper child development.

The secret to the success of our Hero Baby cereals is that they are sugar-free: **they contain 0% added sugar!**

They are made of **whole grain** because numerous international experts recommend consumption of unrefined cereals at the paediatric stage for their health benefits and because they foster healthy eating habits from the early developmental stages.



Baby jars

Our children's jars adapt to the nutritional needs of children as they grow and develop. They are made of natural ingredients, are free of additives and added sugar or salt and do not contain palm oil.

Our wide variety of baby food jars are classified by age group to ensure that as infants grow they can add new jars to their diet (always following professional paediatric advice). The category includes various formats: menus, fruit, lactic products and jars with chunks.



Infant formulas

Breast milk is Mother Nature's perfect food for babies. Conserving the goodness of nature is the mission we work to fulfil day after day. Our infant formulas are developed by committing ourselves to meeting the baby's nutritional needs and helping it to develop properly and grow up healthy and happy.



Pouches

This kind of packaging is used for complements to the baby's diet. The contents are made of 100% natural ingredients to provide a natural diet from six months of age. Their practical sachet format that does not require refrigeration ensures that they are easily carried and can be enjoyed anywhere.



Hero SOLO - Organic range

Our ecological range of cereal purees, infant jars (menus, fruit, dairy products), pouches and snacks. With an unbeatable selection of 100%-organic ingredients for nutritious feeding.





Healthy snacks

Hero and Corny pouches for adults and Corny cereal bars can be found in this product category.



Jams

We have a wide range of jams and marmalades with the flavour of authentic fruit. Our jams are made with care and attention to every last detail during the entire process, from selection of the highest-quality fruit from each harvest to the final jar filling and packaging with the latest technology to provide a quality product. We aim to accompany our consumers every day, helping them to enjoy the pleasure of a full-flavoured breakfast.

We have several subcategories within the jam line: Traditional (Todo Natural), Premium (Temporada and 1886), Cooking (Ideal Maridaje) and Healthy (Hero 0% and Temporada -30%kcal).



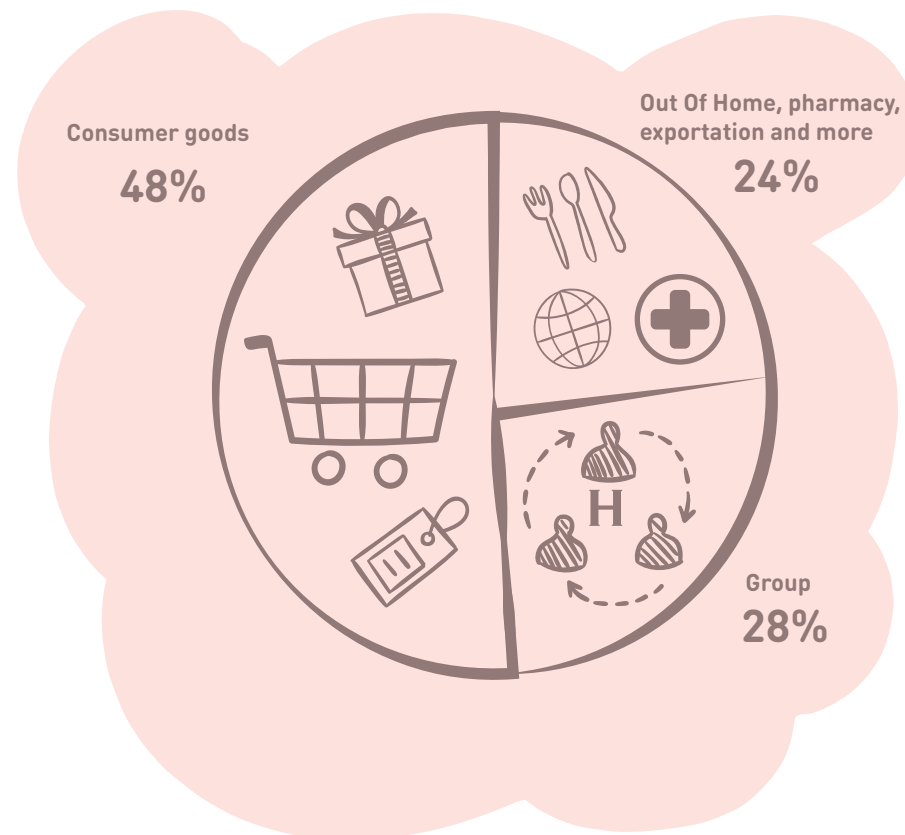
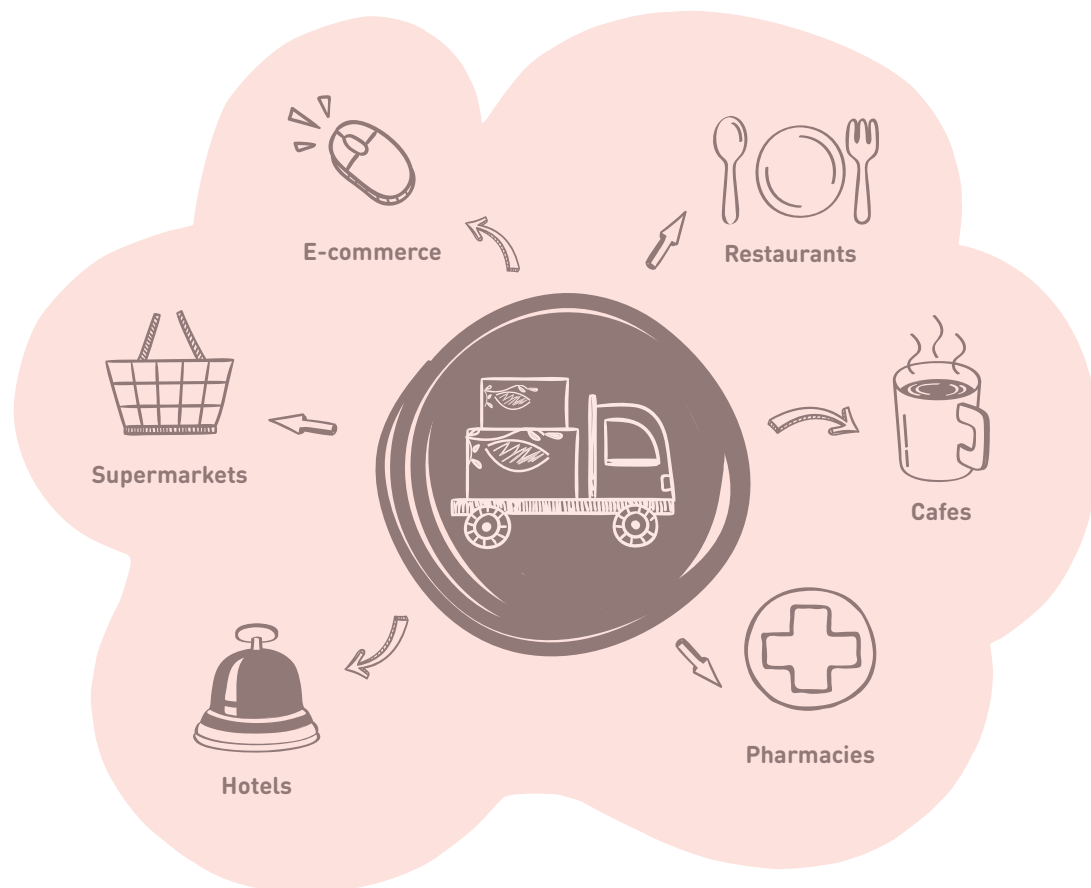
Other categories

Sauces, pre-cooked dishes, syrups, juices, sauces, fruit desserts, toppings, condensed milk and nutritional supplements.



Close to the consumer

We are here for you to find us.





Always innovating

The main goal of innovation at Hero Spain is to provide our customers with healthy food that conserves all the goodness of nature.

To do so, we base our research on the latest scientific evidence and market trends since the latter accurately represent consumers' real needs. Listening actively to consumers is one of the basic principles on which we develop new products and improve existing ones. This policy has led Hero to progressively expand its portfolio of naturally healthy foods by adding categories, with a special focus on organic products.

The following were the main innovations in 2021:

1 Launch of three new infant's yoghurt lines, two under the Hero Baby brand and one – organic – under Hero Solo:

- With a nutritional profile free of added sugar and especially adapted to the needs of the little ones
- In a more sustainable receptacle: glass, with recycled and recyclable materials that differentiate us from other children's yogurt products currently available on the market



2

Extension of our portfolio of infant's fruit jars with the new apple compote in 2x120 g format to provide consumers with more options.



3

Reformulation of two of our Hero Solo organic products that come in jars to remove milk from their recipes.

This adjustment meets the demand of consumers with lactose-intolerant babies or those allergic to cow's milk protein.



4

Due to the growing demand for foods suitable for vegan diets, we have reformulated one of our Hero Solo organic projects that come in jars.

One more step towards fulfilling our commitment to respond to all consumer needs.



5

Extension of our jam ranges with two new products in the **Hero 1886** premium range and one in the **Hero Temporada** range as part of our commitment to provide alternatives to changing consumer tastes.



6

Change in the origin of the fruit used for our range of Hero Temporada jams. Now made exclusively with Spanish fruit. This solution is more closely aligned with our commitment to sustainability and consumer demand to support local farmers and producers.



7

Launch of three ranges of Corny healthy snacks: cereal bars, cereal and nut bars that contain guarana and added-sugar-free sachets of fruit smoothies made of fruit and oats.



8

Extension of our food supplement portfolio with the launch of **Hero Pedialac VITAD** under the Hero Pedialac trademark.



9

Reformulation of our Digest infant formula by Hero Pedialac to achieve an improved, palm-oil-free formula.





Our efforts in 2021 have been recognised and rewarded by consumer groups in the form of the following awards:

Product of the Year Awards 2021 (by Producto del Año, S.L.).

Our brand was the leading award-winner this year with a total of four:

- Hero 1886 jams
- Hero organic purees
- Hero Solo Snacks
- Hero Baby Nutrasense Premium infant formulas



Carrefour Food Transition Awards that recognise the most emblematic products from the food transition point of view. Finalists for Spain with our Hero Solo infant jars made with 100% organic ingredients.



2021 Carrefour Innovation Awards awarded to the Hero Baby yogurt range in the "Baby Universe" category. In this contest, the consumers selected the newly-launched products that most effectively respond to new consumer needs with more than 35.000 votes.





Inspired by nature, confirmed by science



The Hero Institute for Infant Nutrition is the result of the work of the International Hero Department of Research and Nutrition, the Hero Scientific Committee and international scientists who specialise in child nutrition: in short, a group of qualified experts with a track record of social and ethical awareness with one sole aim: to have a positive impact on the well-being of people and on the planet.

The Hero Group also has more than 80 years' experience in research, nutrition and food science. The goal of the Research and Nutrition team is to draw up nutritional guidelines for the Hero Group companies to design the healthiest, most natural and sustainable foods.

In line with its core value "Inspired by nature, confirmed by science", the Hero Institute for Infant Nutrition incorporates the latest scientific evidence into the design its baby food to enable infants to grow and develop properly and ensure that they become health adults tomorrow.

Our research focusses on four main knowledge areas: **Health and Nutrition, Food Science and Technology, Food Naturalness and Food Sustainability** with the advice of independent international experts. We collaborate in research projects with different prestigious universities, research centres and hospitals that guarantee suitability and accuracy.

We also ensure that our **communication is accurate and based on the science** behind our efforts and our results in innovation and research on healthy, natural and sustainable nutrition. This communication is addressed to both health professionals (public infant health influencers), consumers and our own employees as the main ambassadors of our knowledge.

During 2021 we have continued to work on the innovation projects started in 2019, the purpose of which is to optimise our portfolio by developing new products and reformulating existing ones at the nutritional, naturalness and sustainability levels. This innovation process has been based on the **Goodness of Nature (GoN) guidelines - GoN index**, the purpose of which is to objectively measure the adherence of our products to the mission. The GoN index is a tool that enables us to measure the degree of nutritional/health quality and the degree of naturalness of our products. Developed on a solid scientific base, it assesses each ingredient, each production process and the nutritional profile of the product taking three perspectives into account: the legal, the technological/scientific and the consumer's.





This continuous optimisation of the portfolio is aligned with Pillar 3 – naturally healthy foods – of our sustainability policy that sets thirteen commitments for the children's food, healthy snack and jam categories:



- | | | |
|---|------------------------------------------------------------------------------|---------------------|
| 1 | 55% of our menus will contain only non-meat protein by 2025 | 30% |
| 2 | 55% of our menus will be organic by 2025 | 27% |
| 3 | 75% of our cereals and snacks will contain whole grain* or legumes** by 2025 | 73% |
| 4 | 90% of our purees will not contain starch or fruit concentrates by 2025 | (1) 100%
(2) 81% |
| 5 | 0% of our products will contain palm oil by 2025 | 0% |



- | | | |
|----|-----------------------------------------------------------------------------------------------------------------------------|------------------|
| 6 | 55% of our cereal bars will contain whole grain and/or nuts by 2025 | 31% |
| 7 | To have a range of products based on fruit and vegetables by 2025 | 0% |
| 8 | 20% reduction in "unhealthy" ingredients by 2025 (sugar, saturated fat and salt) | 0% |
| 9 | 100% of the products that contain cocoa and nuts will have sustainable origin certificates (cocoa by 2025 and nuts by 2030) | Work in progress |
| 10 | To limit the use of palm oil in 10% of our products and that used will be from certified segregated sources by 2025 | 8% |



- | | | |
|----|------------------------------------------------------------------------------------------|-----|
| 11 | 35% of our jams will have reduced sugar (<40% of sugar) by 2025 | 32% |
| 12 | 0% of highly processed sugars by 2025 | 0% |
| 13 | To foster development of bees and their role in biodiversity and sustainable agriculture | WIP |



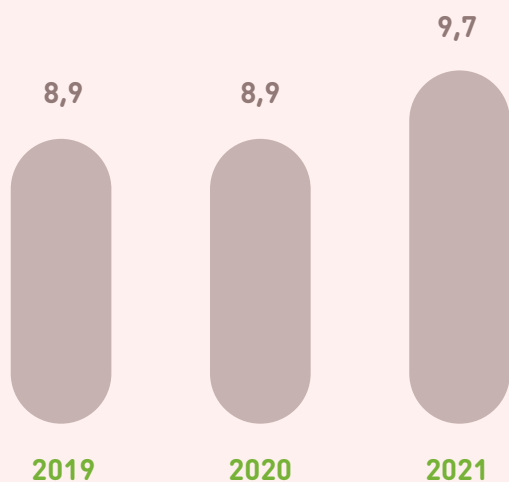
Our commitment to organic food



Due to innovation in new flavours and formats, the weighting of these products in our portfolio has been growing since the launch of the **SOLO range of organic children's products** in 2017. Fortunately, the Spanish organic food market is waking up to the potential of this new opportunity to distribute healthier and more sustainable food.

This growth is mainly due to extension of the **Hero SOLO range** in the children's snacks category.

% Organic product units sold



Hero Spain has increased its sales of organic products with a growth rate of 0.8% in 2021.



We prioritise high quality and safety standards



Hero Spain, as a multinational specialising in nutrition, has always complied scrupulously with the applicable regulations on the basis of rigorous selection of raw materials and compliance with the highest food-safety standards.

Consequently, the Company strictly complies with the general provisions of the food-related legislation set forth in Regulation (EC) No 178/2002 that lays down the general principles and requirements of food law and food safety at all stages of the production, processing and distribution of food.

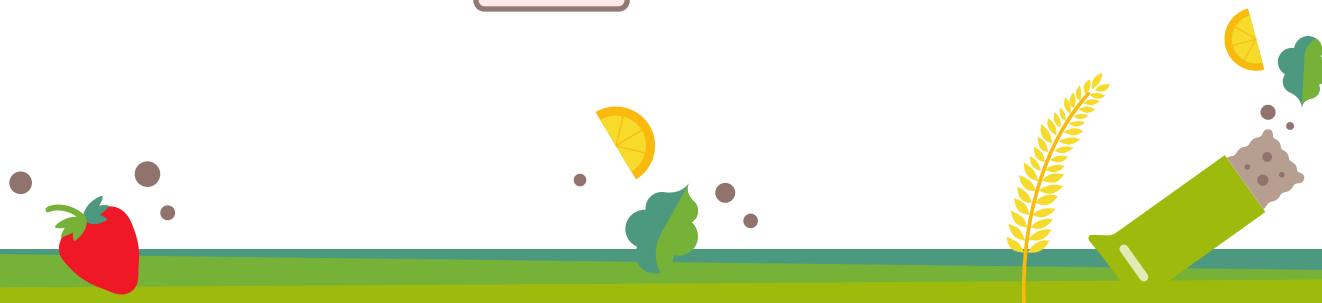
The following provisions supplement the above Regulation:

- **Regulation (CE) 852/2004**
on the hygiene of foodstuffs
- **Regulation (CE) 853/2004**
on specific hygiene rules for food of animal origin.
- **Regulation (CE) 854/2004**
specific rules for the organisation of official controls on products of animal origin intended for human consumption



Our goals are aligned with the general objectives of the food-related legislation of the European Union. We apply also a series of precautionary measures, among which the following deserve special mention:

- **Assessment, certification and constant monitoring** of raw material suppliers
- We **demand that suppliers guarantee** the fitness of their products by entering into an agreement that lays down specific procurement rules to be observed by both parties for each product
- **Sampling, inspection and analysis** of raw materials according to established quality plans; constant monitoring of the manufacturing process by quality control operators
- **Continuous application** of the hazard analysis critical control point (HACCP) system during all processes
- **Periodic internal hygiene audits** of all production plants and warehouses for both raw materials and finished products
- **Continuous training of operators** in the fields of quality, hygiene and product safety





Hero Spain's Certifications

- **1994:** ISO 9001 Quality Management Certification
- **1997:** ISO 14001 Environmental Management Certification CAERM (Ecological Agriculture Council of the Region of Murcia) Ecological Certification
- **2001:** Halal Certification
- **2003:** EMAS Register (EU Eco-Management and Audit Scheme) database
- **2006:** IFS Standard Certification
- **2006:** OHSAS 18001 International Certification
- **2015:** FSSC 22000 Certification SAE Certification
- **2017:** Kosher Certification
- **2018:** Non-GMO Certification (standard that verifies the absence of genetically-modified ingredients)
- **2019:** ISO 45001 Certification
- **2021:** MSC-ASC Certification

Alerts

No health alert has affected products marketed by Hero Spain in 2021.



Audits

A total of 88 quality, food-safety and environment audits were carried out in 2021 of which 23 were internal, 48 of suppliers and subcontractors, 12 for certification and 5 by customers. All suppliers have passed their audits without reservations.

External audits of suppliers and subcontractors have been conducted taking their Sedex profiles into account. The scope of the audits includes review of the corresponding safety and health, sustainability, environment, and social responsibility criteria.

The following are the scope and categories of the 48 audits of suppliers and subcontractors:

- **Food quality and safety:** 32 audits, of which 25% are for certification 68.75% for monitoring, 3.125% for environmental management and 3.125% for food safety
- **Packaging:** 14 audits, of which 35.71% are for certification purposes and 64.29% for follow-up.
- **Subcontracted services:** 2 audits, 100% of which are for food safety



7 internal and 1 external audits have been performed by SGS on the occupational health and safety management system for renewal the certification of the same under the ISO 45001:2018 standard.

Analytic testing

A total of 12,592 analytic tests were conducted on finished products and raw materials in 2020 as quality assurance for our products.





Official inspections

The Company has not incurred in any non-compliance with respect to information or labelling that infringes the applicable regulations. The Company was subjected to seven interventions by the public health authorities in 2021, none of which led to sanctions of any kind:

1 OFFICIAL INSPECTIONS

2 REQUESTS FOR INFORMATION

3 ENVIRONMENTAL INSPECTIONS

Complaints

The company purchases certified products that ensure ethical sourcing and respect for human rights and biodiversity.

Our goal is not only to reduce our logistics footprint, we also believe that national/local cooperation leads to more sustainable practices, both environmentally and socially. To extend our philosophy to the value chain, we strive to maintain stable business relationships with our suppliers, collaborating with them on continuous improvement and enhancing their knowledge of corporate responsibility.

Actively listening to the consumer

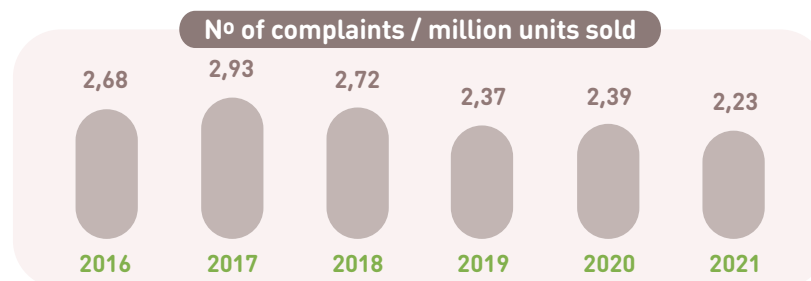
Here at Hero we are on the consumer's side. We aspire to provide them with healthy food made from the best raw materials and produced by state-of-the-art processes. We see the consumer is our greatest ally, which is why it is indispensable to be in close contact with them to listen actively and always be available to respond to queries about our activity or products.

That is why we make use of all the available communication channels to forge a close, transparent, individualised relationship. Our presence on social networks and on the free helpline ensure direct, fluid dialogue between us and the market.

The consumer and customer attention service is the step that activates the procedure established in the Quality Management System for complaints. It ensures efficient claim management and uses the information obtained in the process to improve.

Qualified personnel are entrusted with taking the appropriate measures quickly and efficiently to resolve customers' claims depending on the severity and frequency of the problems involved. Hero Spain received 2.23 complaints for every million units sold in 2021.

A total of 576 claims were processed in 2021, of which 330 were managed through Marketing, 206 by the Intercompany area and 40 by Export and Copacking. All were successfully resolved and are currently closed.





Claims data is analysed to identify significant trends. The underlying causes are analysed to seek ways to make continuous product-quality improvements if we detect a significant increase in complaints in general or serious complaints in particular. We investigate and record all complaints in addition to the results of the investigations.



With relevant associations

1

Promarca, The association to which the majority of manufacturers of leading brands of food, beverages, personal care and drugstore products in Spain belong

2

ANDI, National Association of Manufacturers of Children's Dietetic Products

3

AME, Multi-sectoral Association of Food and Beverage Companies

4

Autocontrol, Independent agency for Advertising self-regulation. We foster responsible advertising: truthful, legal, honest and fair

5

I+E Innovation Spain Foundation, Association for commitment by multinational companies to invest in R&D+i projects in Spain

6

Fundación Alimentum, is a private non-profit organisation with the mission to improve people's quality of life and social welfare by fostering initiatives that respond to the challenges and concerns of society in relation to food.

7

AGRUPAL, Association of Food Companies of Murcia, Alicante and Albacete

8

AEP, Spanish Association of Paediatrics





4

Purposeful people

We believe in going back to basics, giving back to the Earth what it gives us and embracing the principles of purity, honesty, and simplicity.

Under the **Power of One** vision, we harmonise the way we work, cooperating to harness the company's collective wisdom to make better decisions. We achieve this by becoming more integrated and standardising our core processes and systems to ensure that we can share and work in a more collaborative way.

Hero committed to new corporate values in 2021. Four new values were incorporated for the entire Company after an inclusive process in which a quarter of the workforce of the Hero Group took part. These new values represent company as it is today and the one we aspire to build in the future.

We have implemented an inclusive corporate Human Resources (HR) policy and management system that provides support to all the Company's areas, generating and transmitting our culture and values, fostering commitment, driving our ambition to develop the organisation's talent and people's professional careers and aligning Human Resources with the company's strategic objectives at all times.

Achieving objectives in accordance with the Company's strategy and business management and the importance of sustainability to people's relationships and development are key aspects of our HR policy.

All these initiatives are aimed at putting the person at the centre of the business making everyone into an active player in execution of the strategy.



Create wow

We dare to do things differently, always seeking to conquer consumers and clients and we strive to be relevant and vital to our world at all times. It's about curiosity, innovation and focusing on the consumer/customer.



Everyone Hero

We work together to achieve our common mission and strategy, strengthening our local businesses and leveraging the power of all. It's about purpose, performance and teamwork.



Nourish others

We treat everyone with honesty, care and respect and provide our people, customers and consumers with what they need to thrive. It is about honesty, empowerment, respect and diversity.



Take responsibility

We make good choices today to build a more sustainable business and environment adapted to the needs of tomorrow. It's about sustainability, responsibility, legacy and quality.





Hero believes in developing talent. That is why we invest in the people who become part of the organisation and care about their success by supporting development of their skills and competences, aware that this is one of the Company's main growth drivers. Proof of this is that we are a century-old company that has achieved some demanding objectives that have enabled it to become a benchmark in the baby food and jam segments today.

New processes, procedures and records that embody the strategy and make it visible in our workforce-related communications. **Our goals are intertwined with the mission and the strategy to achieve relational coherence in all aspects of the employee's experience.** Equality and diversity are added values embedded in our day-to-day activities and will help us to overcome future challenges in this field, challenges that represent an opportunity to develop the values that drive our ambition for the Company and provide commitment, a transversal approach, trust and individual and collective respect.

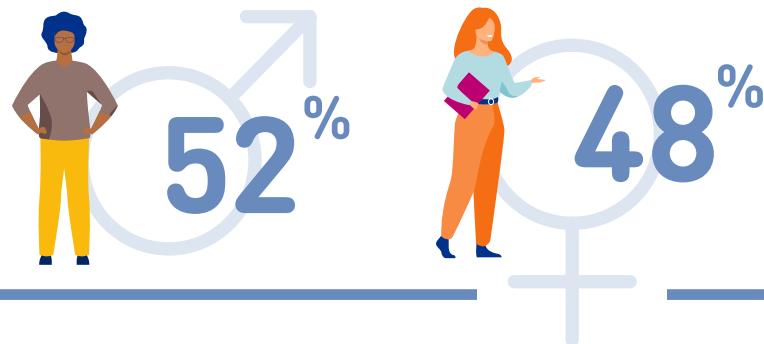
Composition of the workforce

The Company employed 851 people (full-time employees – FTE – 802 people) in 2021, of which **52.29% are men and 47.71% are women.** The vast majority of the workforce comes from Spain and their **average age is 46.90 years.** The average age of Hero's female employees is 47.99 years and that of the men is 45.91 years.

The employee-employer relations are governed by the Company Collective Agreement, which means that 100% of the people directly employed by Hero Spain fall within its scope of application.

It is also worth mentioning that **94.01% of the total workforce** in 2021 was drawn from the local community. We foster occupational stability and the Company's policy is to enter into employment contracts for an indefinite period without discrimination on the basis of age, gender or professional category. The Company has a significant impact on the social reality and economic growth of an area that suffers from high levels of indirect employment.

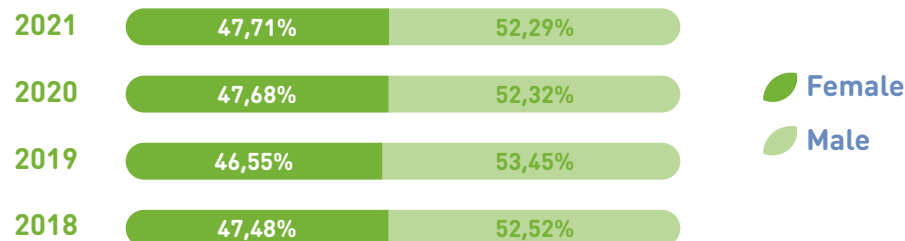
People: 802 FTE



69 workers were recruited in 2021 and 38 left the company, 24 of which resigned and 14 were dismissed. The turnover rate in 2021 was 1.64% due to dismissals and 2.82% due to resignations.

The following graphs show the composition of the workforce by gender, age, professional category, type of contract, origin, additions, separations and rotation rate:

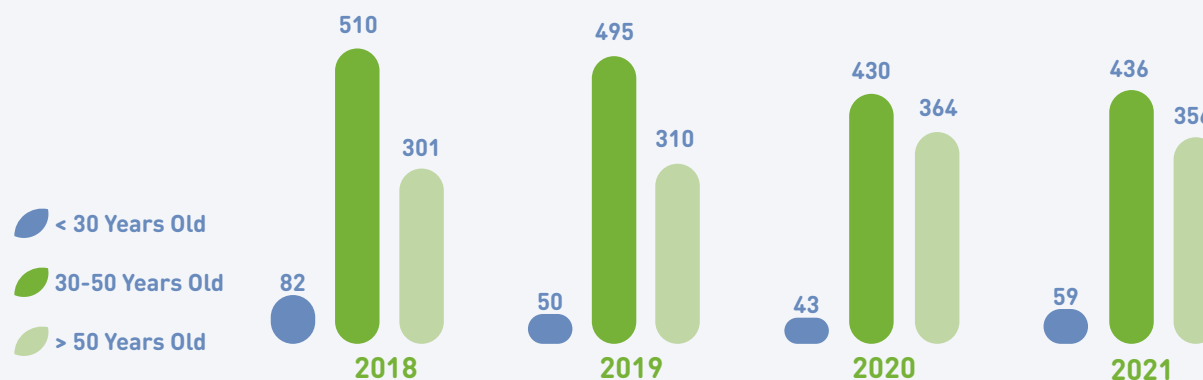
Workforce composition by gender





Composition of the workforce by age group

workforce by age group	Female	Male	General total
< 30 yrs old	24	35	59
Between 30 and 50 yrs old	198	238	436
> 50 Years Old	184	172	356
GENERAL TOTAL	406	445	851

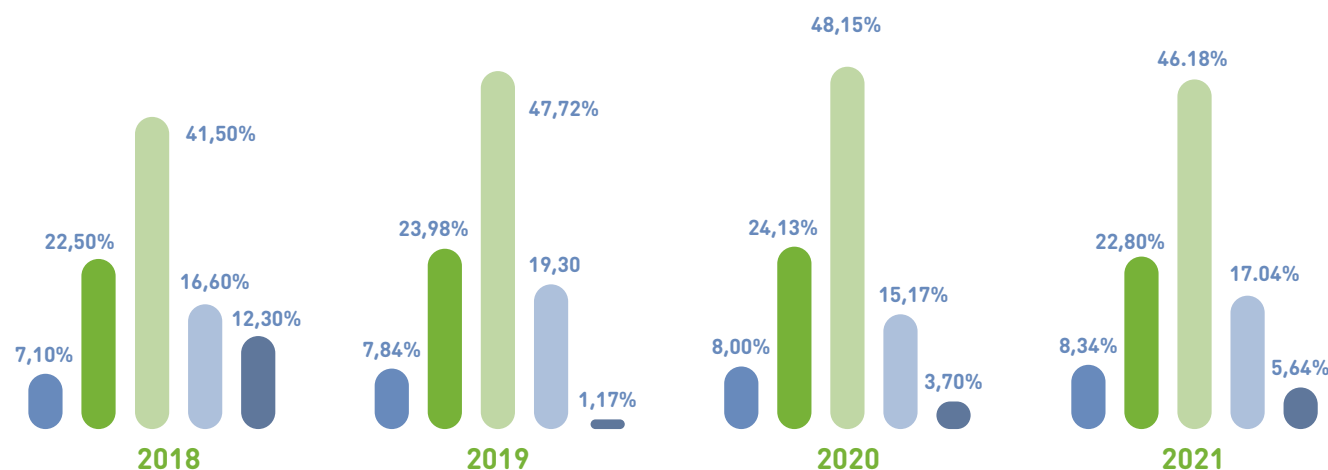


Workforce by Categories	Female	Male	% Female category	% Male category	Total employees	Total % Categories
Assistants workers in training	30	18	3,53%	2,12%	48	5,64%
Salesforce and technicians	81	113	9,52%	13,28%	194	22,80%
Specialists	101	44	11,87%	5,17%	145	17,04%
Management teams	21	50	2,47%	5,88%	71	8,34%
Maintenance professionals, trades, and administration	173	220	20,33%	25,85%	393	46,18%
GENERAL TOTAL	406	445	47,71%	52,29%	851	100,00%

Composition of the workforce by professional category

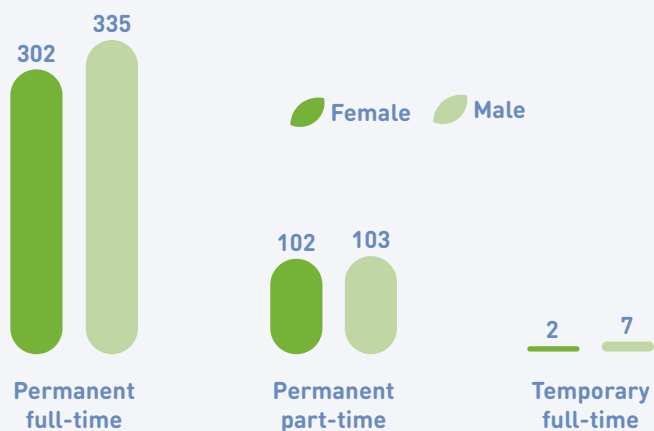
- Management teams
- Maintenance professionals, trades, and administration
- Assistants workers in training

- Salesforce and technicians
- Specialists

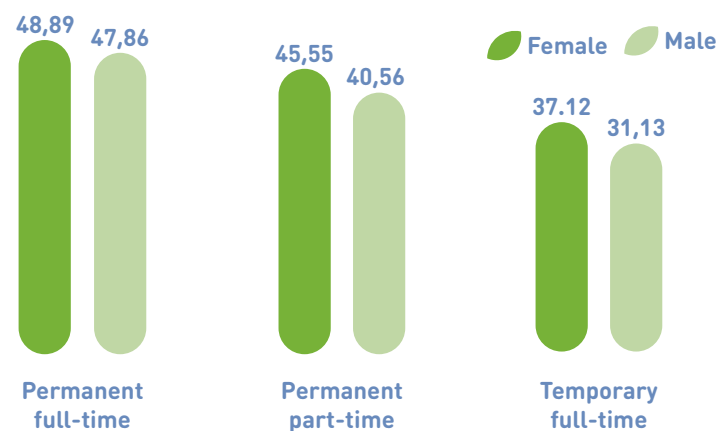




Workforce composition by contract type and gender



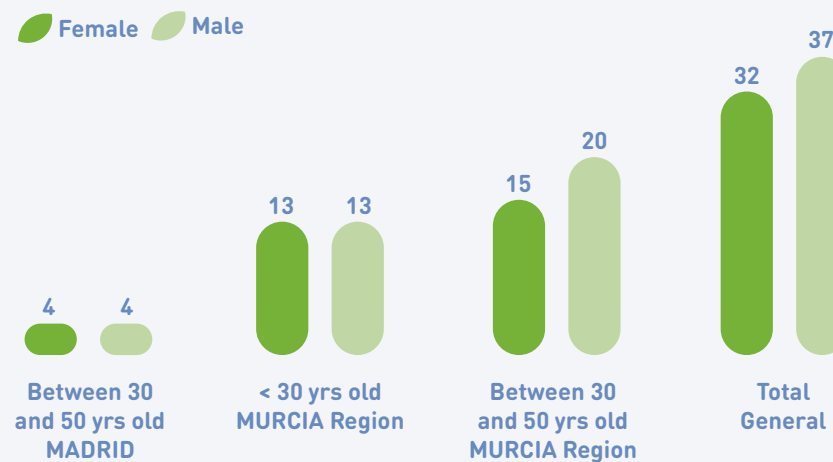
Average age of workforce by type of contract

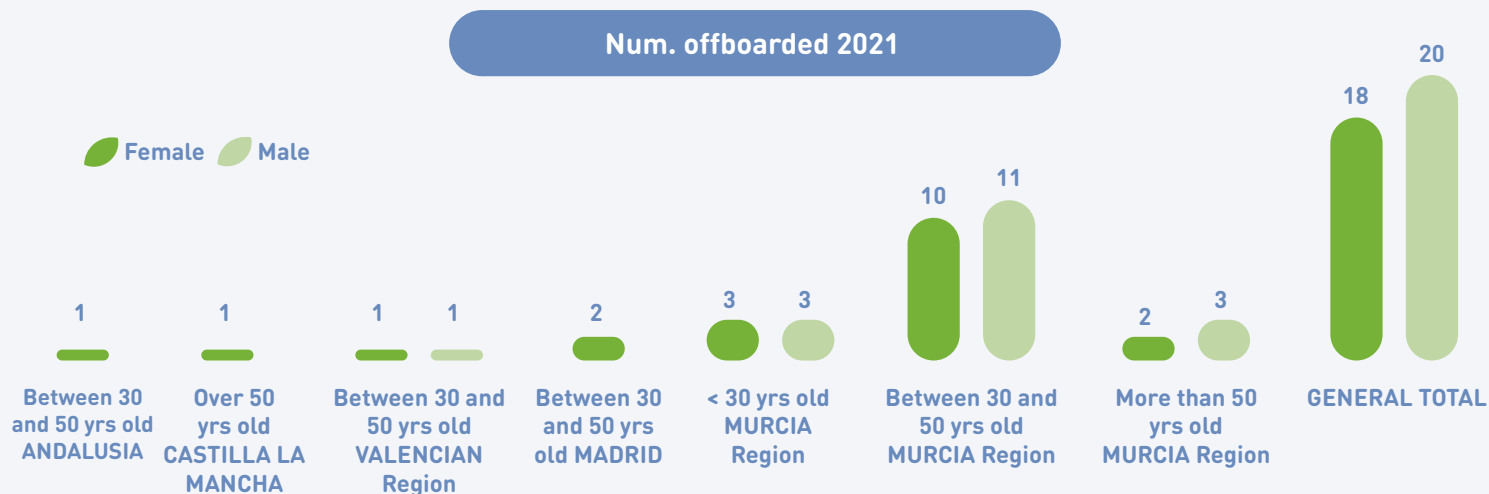


Workforce composition by origin



New hires 2021





Offboarding	Female	Male	General total
Assistants & workers in training			
Murcia Region	4	3	7
Salesforce and technicians			
Andalucía	1		1
Castilla la Mancha	1		1
Valencian Region	1	1	2
Madrid		2	2
Murcia Region	4	1	5
Specialists			
Murcia Region	2	2	4
Management teams			
Murcia Region		1	1
Maintenance professionals, trades, and administration			
Murcia Region	5	10	15
TOTAL	18	20	38





Offboarding	Female	Male	General total
ANDALUSIA			
Between 30 and 50 yrs old			
Salesforce and technicians	1		1
CASTILLA LA MANCHA			
Over 50 yrs old			
Salesforce and technicians	1		1
VALENCIAN REGION			
Between 30 and 50 yrs old			
Salesforce and technicians	1	1	2
MADRID			
Between 30 and 50 yrs old			
Salesforce and technicians		2	2
MURCIA REGION			
<30 yrs old			
Assistants & workers in training	1	1	2
Maintenance professionals, trades, and administration	2	2	4
Between 30 and 50 yrs old			
Assistants & workers in training	3	2	5
Salesforce and technicians	4	1	5
Specialists	1	2	3
Maintenance professionals, trades, and administration	2	6	8
Over 50 yrs old			
Specialists	1		1
Management teams		1	1
Maintenance professionals, trades, and administration	1	2	3
TOTAL	18	20	38





Contracts	Female	Male	General total
ANDALUSIA			
Permanent full-time	4	3	7
CANARY ISLANDS			
Permanent full-time	1	2	3
CASTILLA LA MANCHA			
Permanent full-time	1		1
COMMUNITY OF CATALONIA			
Permanent full-time	3	1	4
MADRID REGION			
Permanent full-time	8	13	21
Temporary full-time	1		1
VALENCIAN REGION			
Permanent full-time	4	4	8
GALICIA			
Permanent full-time	1	1	2
BASQUE COUNTRY			
Permanent full-time	1	1	2
Temporary full-time		1	1
PRINCIPALITY OF ASTURIAS			
Permanent full-time	1		1
REGION OF MURCIA			
Permanent full-time	278	310	588
Permanent part-time	102	103	205
Temporary full-time	1	6	7
TOTAL	406	445	851





Recruitment



We guarantee respect, non-discrimination and objectivity in the recruitment process at all times by implementation of an anonymous system when the area managers interact with the same. We present candidates with an employee value proposition that foments the attraction, selection and recruitment of the best qualified experts, in whom we prioritise the knowledge, skills and competences required for each job position.



Diversity and equality



In line with our strategic policy, Hero considers that **ensuring equal opportunities at all levels** of the organisation is an essential aspect of our vision. We also encourage implementation of equality policies in all companies with which we perform transactions.

Hero Spain has implemented an Equality Plan in accordance with Organic Act 3/2007 of 22 March on the effective equality of women and men and Royal Decrees 901 and 902 of 13 October 2020.

The new requirements adopted in the aforesaid legislation were transposed into the **Equality Plan** in 2020 by agreement with the employee side of the Equality Committee. It manifests and communicates a commitment to equality.

Equal treatment and opportunity between women and men is a priority aspect of the Company's Strategic Plan and a cornerstone of its labour relations and human resources management.

Consequently, an Equality Committee composed of workers' representatives and members designated by the Company has been put in place in order to drive effective implementation and monitoring of the measures adopted in the Plan.



EQUAL TREATMENT

and opportunity between women and men is a priority aspect of the Company's Strategic Plan.





The Equality Committee has the following functions:

- 1 To ensure compliance with the currently applicable legislation on the effective equality of women and men, the principle of equal treatment and opportunity and non-discrimination on the basis of gender
- 2 To raise the awareness and inform the workforce of the objectives and content of the Equality Plan
- 3 To drive implementation of the Equality Plan
- 4 To disseminate the equality-related activities carried out
- 5 To inform and advise management on implementation of the measures set forth in the Equality Plan
- 6 To draw up the annual monitoring reports on the degree of achievement of the objectives and results during the period under study
- 7 To propose changes and adjustments to the Equality Plan that arise from the monitoring reports
- 8 To interpret and/or arbitrate in the event of discrepancies that may arise in application of the Equality Plan
- 9 To promote measures to enhance equality in the Company
- 10 To disseminate the measures taken to ensure equality in the workforce
- 11 Other functions that may derive from the Equality Plan





We have created a dedicated page on the Hero Spain Intranet to disseminate equality-related content: **Our commitment statement and the organisation, protocols, links of interest and access to the reporting and complaints channel.**

We believe that by creating this portal we are raising awareness of equality in the Company and conveying our interest in promoting it to the employees.

Organization

Links of interest



Our commitment to equality

Protocols

Access to the reporting channel





Inclusion of employees with disabilities

Hero takes **measures to promote equal opportunities** by eliminating inconveniences that constrain the free movement of people with disabilities, making accessibility possible for disabled people.

We **adjust the workstation and job description to fit their real capacities**. The company complies with the provisions of article 42 of **Royal Legislative Decree 1/2013 of 29 November** that adopts the Consolidated Text of

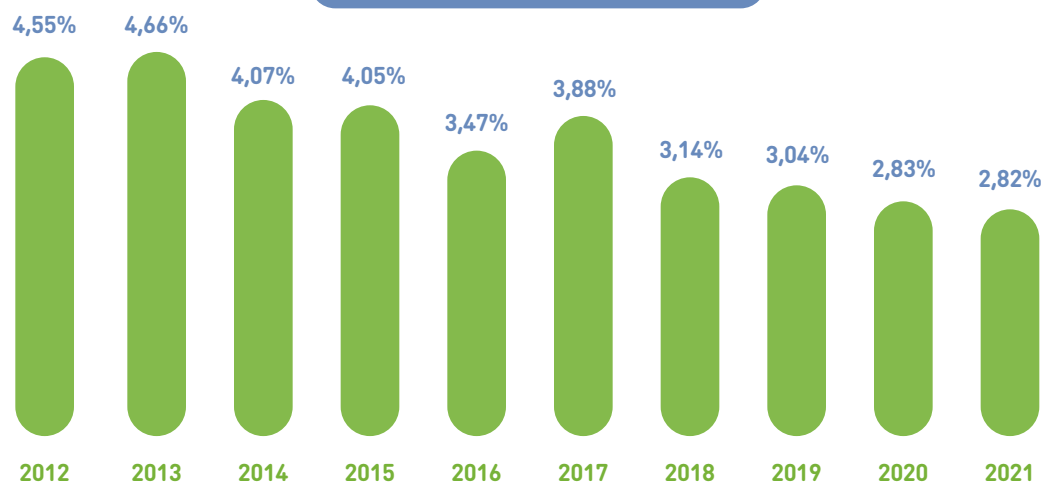
the General Act on the rights of persons with disabilities and their social inclusion, which stipulates that of 2% of the workforce shall be reserved for people with disabilities.

In Hero Spain this quota stood at 2.82% in 2021. The Company also grants monetary aid and special paid leave for medical reasons to workers whose families include members with disabilities.

in 2021
2,82 %
at Hero



Workforce with disabilities (%)





Non-harassment policies



Hero Spain exercises **continuous control and surveillance over behaviour that could constitute mobbing, bullying, burnout and all forms of sexual harassment that can cause serious harm to the people** involved and to the whole Company.

In order to prevent conduct that entails a degree of physical or psychological abuse, the Company has **implemented a policy to prevent harassment by superiors, colleagues and other employees** that could violate the fundamental rights of workers.

In addition to **control and surveillance**, team leaders that are responsible for equipment **receive specific training in this area**. Moreover, during induction new recruits are informed of the psycho-social risks associated with their job positions and are encouraged **to report any kind of conduct out of line with Company policy in this**

respect including conduct they may detect aimed at third persons, to HR Management by telephone, email and/or in person.

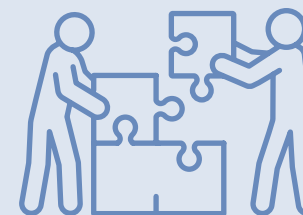
The protocol set forth in the occupational risk prevention manuals and in the action protocol for resolution of interpersonal conflicts and prevention of harassment in the workplace shall be activated in the event that action is required in this respect.



Respect for human rights

As stated in our Code of Ethics, Hero Spain repudiates all forms of forced labour, child labour and other breaches of the most fundamental human rights.

Among other corporate responsibility criteria, we also require our suppliers to comply with the currently applicable regulations in this respect and defence of universal human rights.





Workers' representation

Our labour relations are governed by the Company Collective Bargaining Agreement. The Workers' Committee, composed of twenty-one elected workers' representatives, is in charge of safeguarding the workers' interests in terms of wages and working conditions. Within the culture of consensus that exists in the Company, the Workers' Committee is also notified and consulted on any issue that could affect the workforce in this respect.

The transmission of information, consultations, meetings between the parties is periodic and continues to comply with the set of reciprocal rights and obligations and attending to the needs that arise.

The Negotiating and Joint Commission for negotiation and compliance represents the social part (president, secretary and member) and the members on the company side (Human Resources).

On a quarterly basis, information is provided on:



The general variations in the economic sector to which the company belongs.



The Company's financial position, recent variations and foreseeable fluctuations in its activities including environmental actions that could have a direct impact on employment, production including the production schedule and sales.



Employment prospects (number of new recruits, type of contract including part-time contracts, overtime to be worked, etc.).



Statistics on the absentee rate and causes, accidents in the workplace and occupational diseases and their consequences, accident rates, routine or special studies of the work environment and prevention mechanisms used.



Equal treatment and opportunities between women and men.



Social aspects, work-life balance, timetables, telecommuting.





Employment quality

Work-life balance and employee benefits

Hero recognises that a suitable work-life balance is a fundamental right and a vital support for internal and external social well-being. Consequently, the Hero Spain has been implementing policies and good practices for several decades that enable a suitable work-family life balance and that foster co-responsibility.



Company management considers that flexible work schedules as alternative to the traditional fixed timetable creates opportunities for work-life balance but only to the extent that they are optional for the workforce on an individual and voluntary basis. These new ways of organising the workday must also be comparable to full-time permanent employment from the point of view of working conditions, promotion, remuneration and personal rights.

24 workers took maternity or paternity leave (2.82% of the workforce), of which 15 requested paternity leave (1.76%) and 9 maternity leave (1.05%) in 2021.

Telecommuting / Spatial flexibility

The COVID-19 pandemic forced the Company to step up implementation of these flexible work schedules in 2020.



In 2019 we logged a total of 308 teleworking days (238.36 female and 69.68 male).

Teleworking hours increased by a total of 19,356 days, (11,718 female and 7,638 male) in 2020 due to the impact of the pandemic.

In 2021 the Company logged 15,733 teleworking days, 6,063 by men and 9,670 days by women.





Hero flex

We are in the midst of a cultural change in which face-to-face management is giving way to a paradigm where task scheduling and monitoring are vital functions.

To be successful, good project planning, achievable goals and close monitoring by managers must be ensured.

This new way of working is based on the following key criteria:

Individual or personal goals are taken into account as much as professional goals.

Contribution is measured by results, not by how long the employee spends in the office.

To achieve a culture of flexibility requires a culture of trust while continuing to strengthen commitment.

Teamwork and cooperation are essential for true workplace flexibility.

Ultimately, it is about creating an agile work culture with managers prepared to manage by objectives, with clear performance expectations and open communication based on trust.

This new project that we call HeroFlex not only involves changes in telecommuting but also in traditional work based on physical presence in the workplace:

- **With greater autonomy and empowerment**
- **Learning new technological tools**
- **Activity will be based on programming and monitoring tasks, in which management by objectives is essential**
- **The accomplishment of tasks according to objectives in a timely manner**
- **With broad freedom of personal schedule**
- **Knowledge of our marketing initiatives and the competition**

This is how Hero Spain is fostering a cultural change that will entail gradual implementation of a series of changes but will ensure a series of important successes for all concerned.

So far, the results have been enhanced work-life balance, more telecommuting and increased flexibility

The spatial flexibility measures introduced during the pandemic were aimed at limiting occupation and creating safe areas. This system may be applicable in post-Covid times in order to retain this new flexibility and achieve collaborative, customised, modern spaces within the framework of the HeroFlex project as a lever to drive cultural change.





Flexible schedule



Flexible hours are in place for all administrative staff. Personnel that work on a shift basis have the possibility will have the option of changing shifts and those with split shifts may adjust their schedules provided that they comply with the block schedule (hours of maximum workload).

Flexible leave



More than a third of our employees have children and most also have elderly dependents. Leave to take care of family members, among other reasons, is provided for in the Company Collective Agreement and therefore the organisation assumes the effect without repercussion on productivity.

Our company grants leave over and above that provided for in the applicable legislation and the Collective Agreement: for example, employees over fifty years of age enjoy extra days of paid vacations.

Employee and welfare benefits

Hero Spain provides extensive employee and welfare benefits including the following:

A monthly subsidy for workers’ children physical who suffer physical and/or mental disabilities and an additional eight hours of leave to accompany them for any procedure.	Virtual banking for all workers who want it and availability of an ATM on company premises.
Accident insurance for all workers.	Promotion of sports activities.
The option of benefiting from the Flexible Remuneration Plan in the dining room and crèche.	Aid for school books.
Prizes for reaching the milestones of 25 and 40 years with the company.	Scholarships for Hero orphans left by deceased employees.
Private pension fund with an insurance company.	Access to promotional products.
Rehabilitation services and gym sessions (on hold during the pandemic). Agreements with travel agencies.	Continuous workday in summer.
	Extra vacation days for employees over 50 years of age.





The right to disconnect



The advent of the digital workplace has transformed the way we work. It provides a series of new options including freedom from presence in physical premises and the ability to work via the Internet on mobile devices.

The new Organic Law 3/2018 on Protection of Data of a Personal Nature and Guarantee of Digital Rights (LOPDGDD) transposes the European General Data Protection Regulation into Spanish law. This new law provides new rights for employees including digital disconnection outside of working

hours, respect for their rest time, leave, vacations and the right to personal and/or family privacy. These measures will enable us to prevent computer-related fatigue as much as possible.

The entire workforce has been notified of the digital disconnection policy by means of our internal portal where it is readily available. Our internal policy goes further than the legislative regulation by including the responsible use of devices and, in the case of employees who work from home with digital devices, it guarantees the right to disconnect from work with the following advantages for the company:

Productivity improves with engaged employees.

The quality of work is enhanced by having well-rested, unstressed employees.

The measure boosts the capacity for dialogue between employer and employee.

It transmits the brand image of a company that cares for its employees.

It enhances the employer's branding.

Reduces absenteeism. Benefits for the employee.

The worker disconnects from work outside of working hours.

Improves the work-family balance.

Reduces tension and stress.

Increases motivation and engagement.

Some following are a few of the specific measures promoted by Hero Spain in this respect:

- **All communications with colleagues and other collaborators** must be carried out within the workday regardless of the channel used (email, telephone or social networks, among others) sufficiently in advance to enable it to be displayed, answered and/or consulted within the same shift, otherwise the recipient shall not be obliged to reply except in cases of force majeure or under special circumstances.

- **In the event of absence due to sick leave, trips, vacations, etc.,** the worker involved may report said absence on an automatic email reply and automatically redirect the query to colleagues who are working at the time.





Fair remuneration



Here at Hero Spain the **remuneration system is based on objective, systematic procedures embodied in a Salary Policy** adjusted to the different tasks performed in accordance with a function or job description and an individual performance assessment. Remuneration benchmarking studies of collective bargaining and sectoral agreements at the national level provide us a reference value for a competitive remuneration policy.

Hero Spain works with a professional classification system based on the job as the basic unit on which our organisation is structured and includes a series of tasks, duties and responsibilities usually performed by each worker during their workday.

People occupy different positions with different access requirements, functions and salaries. These positions are organised within the framework of a professional classification system called professional grouping.

The system groups workers according to their professional skills, qualifications and the general conditions of the job position. Different tasks, functions, professional specialties and responsibilities may be required in different jobs within the same professional group. A value is assigned to each job by applying the global methodology of an external company specialised in job assessment systems. This job assessment tool analyses the jobs and provides an internal level (global grade) based on analysis of statistical

comparison of factors that enables us to predict remuneration variations in the job market.

All jobs that appear in market research conducted by this company are assigned a global grade that provides an additional link between the relative value of the jobs within the organisation and the market data.

Once their band has been determined and they are assigned to the corresponding level on the basis of a score obtained as a function of the score given to each factor, each position is evaluated according to the above criteria. Within each band the job positions have a certain scope with a minimum and a maximum value in both the band and the level.

There are certain positions within the job map that are associated with a remuneration package. Assessment of an employee's performance by competencies is the main factor that can influence the Company's remuneration system.

The job studies were **conducted in conjunction with an external consultant and served as the basis for the employment audit** and remuneration study, arriving at the conclusion that there is no gender-based salary gap in the company. Taking the **2020 minimum wage** as the baseline, the difference between the average remuneration of men and women in the Company is **less than the 25%** provided for in **article 2 section 7 of Royal Decree-Law 6/2019 of 1 March** on urgent measures to guarantee equal treatment and opportunities for women and men in employment and occupation that amends article 28 of the

Worker's Statute on equal remuneration for gender-based reasons.

In **compliance with Royal Decree 902/2020 of 13 October on equal payment for women and men** we carried out a remuneration audit of all jobs in the Company in order to analyse the associated remuneration and raise awareness of the differences and draw up plans to reduce the existing gap.





	Female	Male	%		Female	Male	%
Professional Group	Salary Band	Salary band		Professional Group	Salary Band	Salary band	
Middle managers				Professional			
<30 yrs old	>3,70 SMI			<30 yrs old	>2,40 SMI	>2,05 SMI	<25%
Between 30 and 50 yrs old	>6,20 SMI	>5,20 SMI	<25%	Between 30 and 50 yrs old	>2,70 SMI	>3,00 SMI	<25%
Over 50 yrs old	>5,70 SMI	>6,00 SMI	<25%	Over 50 yrs old	>2,85 SMI	>3,00 SMI	<25%
Operators				Support/clerical			
<30 yrs old	>1,10 SMI	>1,10 SMI	<25%	<30 yrs old	>1,30 SMI	>1,27 SMI	<25%
Between 30 and 50 yrs old	>1,20 SMI	>1,14 SMI	<25%	Between 30 and 50 yrs old	>1,50 SMI	>1,51 SMI	<25%
Over 50 yrs old	>1,39 SMI	>1,40 SMI	<25%	Over 50 yrs old	>1,74 SMI	>1,80 SMI	<25%
Senior Management				Supervisor			
Between 30 and 50 yrs old		>14,40 SMI		<30 yrs old		>5,00 SMI	
Over 50 yrs old	>14,80 SMI	>15,40 SMI	<25%	Between 30 and 50 yrs old	>3,00 SMI	>2,97 SMI	<25%
				Over 50 yrs old	>2,80 SMI	>3,00 SMI	<25%





Talent management for an effective team

Talent management enables us to identify, retain and attract talent (both internally and externally) to achieve the Company's objectives and for the long-term successful execution of our competitive strategy.

Talent management in Hero Spain is based on four criteria:

1

Ability: Level of knowledge and skills: translates into consistent performance over time and a willingness to embrace and lead change

2

Mobility: Willingness to accept the uncertainties and difficulties of a long-term international career

3

Aspiration: Seeks development, learning, growth, greater responsibilities and assumption of risks, challenges and difficulties

4

Commitment: Living the values, vision and mission of the Hero Group companies and commitment to the future

We foster professional development by means of programmes to improve professional competencies to enhance the skills of employees and to support transformation of a constantly evolving environment aligned with the Company's strategy. By employing talent at all levels and helping it to develop, we will be able to retain and promote knowledge in the Company.

We drive development of the skills and competencies assigned to the role of each employee through our talent management system by internal promotion, career plans and individual salary reviews, among other actions, in an environment of collaborative work and continuous improvement.

Our **Talent Management and Classification Programs** include both local and international initiatives, such as:

• **SOULH International Talent Programme** where the Hero Group's culture and corporate strategy are shared with other Group companies.

• **Corporate Leadership Programmes** that focus on the keys to good management

• **Visibility of the Talent Management system** at different levels of the organisation

• **Creation of transversal development groups** with workers from different areas to drive measures in response to the employee survey to improve aspects related to training, initiatives and communication, among others

• **Fostering and driving individual development programmes** for personnel from different areas for professional growth through the 70:20:10 learning model:

- **10% of face-to-face**, online or remote training
- **20% of self-development** and learning from other people: coaching / mentoring and direct feedback
- **70% of work exchanges**, projects and networking





Consequently, we can guarantee vertical and horizontal mobility or a change of area. We also provide succession plans and in general identify and recognise the value that each employee brings to the Company and provide them with the opportunity to develop in our organisation.

We periodically update the training in versatility of our employees to adapt them to each individual person, their position and to changes in the environment. This enables them to respond to the new technological and organisational changes that occur in as a consequence of new market demands with teams that are ready to learn, aware of the need to constantly improve and extend their knowledge and skills. Hero Spain is

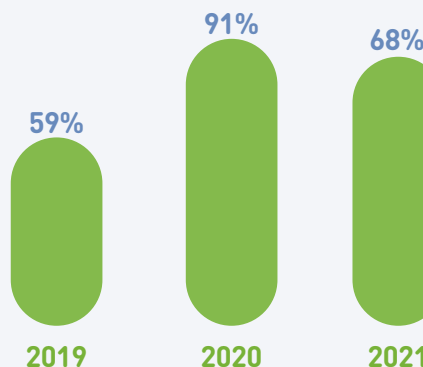
committed to learning as a fundamental pillar of the company's corporate strategy. A total of 11,918 hours of training were given in 2021 that benefitted a total of 1,311 participants 234 training actions.

Due to the measures to combat the COVID-19 pandemic, face-to-face training was almost completely suspended in 2020 and the Company invested in online training instead. However, an improvement in the public health circumstances in 2021 enabled us to increase the share of face-to-face training to 32%, although online training has continued predominate with a share of 68%.

Face-to-face training



Variation in training Online





Online training is provided through the Microsoft Teams tool and our e-learning training platforms (GoodHabitz, Office 365 Personal Effectiveness Program-PEP, Hero Gamified Learning and Hero Learning from the Experts-LFE).

Training indicators



The following is a breakdown of the various training indicators:

- **Average hours of training per employee**

Each employee received an average of 14.01 hours of training in 2021.

Total training hours	11.918,28	Ratio	14,01	hours of training per worker
Total workforce	851			

- **Average training hours per woman**

In terms of the distribution of average training hours by gender, women have received an average of 15.73 hours of training.

Total training hours	6.385,70	Ratio	15,73	hours of training per woman
Total workforce	406			

- **Average training hours per man**

Men received an average of 12.43 hours of training.

Total training hours	5.532,58	Ratio	12,43	hours of training per man
Total workforce	445			

Average by professional group



- In the **directors and managers group** and the **team leaders, supervisors and clerical workers'** group: The ratio of hours of training per participant in these groups is **34.48** and **33.16**, respectively. The total number of training hours for these groups was 2,379.34 hours and 6,599.24 hours respectively.

- In the **operators, specialists and tradespersons'** group: The ratio of training hours per participant in these groups was **5.04** in 2021. The total number of training hours for this group was 2,939.12 hours.





Performance management



Performance management is a key process that supports both managers and employees in the organisation to align their efforts with the Company's strategic plans and ensure that the best possible results are achieved at the individual, team and company levels. It also provides us with the required information on the status of each employee (assessment of their skills, competencies and objectives) and of areas that need improvement by means of action plans and continuous improvement.

The performance management process was divided into two main phases in 2021: **competence assessment**, intended for personnel who do not have individual objectives on the one hand, and **performance assessment** on the other, in which both the competencies and the results of the individual and corporate objectives are assessed.

The competency assessment process is based on the Hero Universal Competencies Framework that provides everyone with a common language and that generates conduct and skills in day-to-day performance in the company. It is conducted online and aims to enhance learning and development, drive the Company's culture, attract and retain qualified experts, support total

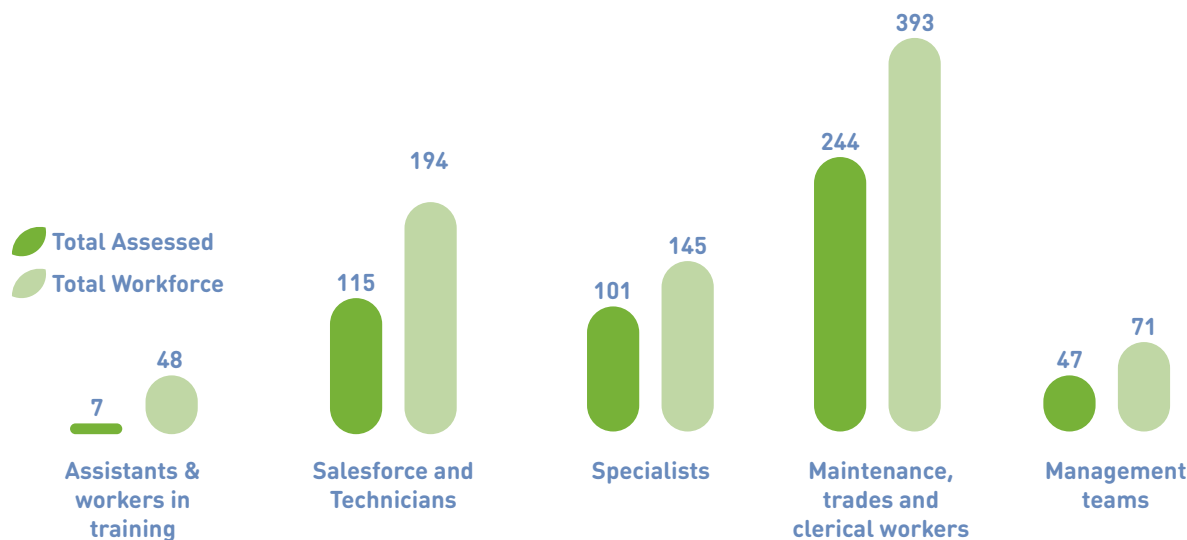
quality management and remuneration to skills development.

Direct observation by the immediate superior and by the people with whom the employees interact in the performance of their duties on a daily basis is used to assess the level of development of their competencies.

The performance evaluation process takes both the competency assessment and the achievement of objectives into account and is divided into the following stages: self-assessment, preliminary assessment by the manager, calibration (to achieve enhanced internal equity) and feedback

(continuous and transversal). This assessment is carried out by a specific online tool in which the results of the individual and corporate objectives for the group under study are recorded.

514 employees underwent the performance management process in 2021 of which 46.3% are women and 53.7% men. The following graph shows the profile of the people assessed in the process by professional category.





Attracting talent by internship



Pursuant to **collaboration agreements with various universities and occupational training centres**, Hero Spain provides on-the-job training for interns every year. **16 students, of whom 3 were subsequently recruited**, completed their internship period (face-to-face and telecommuting) in the relevant corporate areas in 2021. Hero is a pioneer in collaboration with training centres, universities and business schools, among which the University of Murcia deserves special mention for having entered into internship collaboration agreements with Hero for more than forty years.





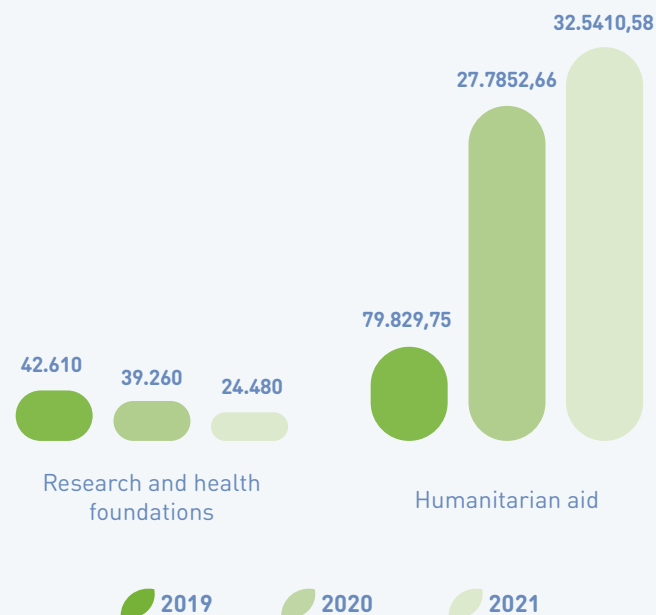
Social Commitment



As a food production company, Hero Spain currently **provides an essential service** by supplying domestic and international communities with essential food, especially babies' and children's food.

In 2021 Hero Spain has engaged in social work with the aim of helping the most vulnerable groups, mainly in the Region of Murcia, channelled through major humanitarian aid organisations such as the **Food Bank, (FESBAL), Cáritas and the Spanish Red Cross.**

Social cooperation in €





Hero Spain has also made other contributions of various kinds to support local and national sports.

	2018	2019	2020	2021
Alcantarilla F.C.	950	950	950	950
Asociación Club Jairis	5.500	9.500	4.000	4.000
Blanca Manchón	5.000	5.000	10.000	10.000
TOTAL	11.450	15.450	14.950	14.950



• **Environmental volunteering** in collaboration with the General Directorate of the Environment and the Sierra Espuña Regional Park in an annual tree-planting campaign in Sierra Espuña. This year, under restricted access, we executed the X edition in Collado del Húmero to plant three different species of native tree, one of which is on the endangered plant list.



• **Solidarity Cent.** A total of € 3,700 were allocated to Murcia Red Cross projects from the payroll cents contributed by employees this year.

3.700 €

Destined for Murcia Red Cross





Occupational health and wellbeing



Hero Spain begins to implement an Occupational Risk Prevention Management System in its Organization before the enactment of Law 31/1995, of November 8. Before that, Hero España, S.A. had managed issues related to OHP in accordance with the General Ordinance on Safety and Hygiene in the Workplace.

In compliance with the provisions of Act 31/1995 on the Prevention of Occupational Hazards and aware that a series of procedures and actions had to be implemented to identify and mitigate occupational hazards, the **Occupational Health and Prevention Plan was issued for the first time in 1996**. This document laid down the Company's hazard prevention policy, assigned functions and responsibilities for implementation of the same and set forth the prevention management system that provides guidance on the preventive activities to be carried out and which documents and procedures to apply in each case.

"Occupational Health and Prevention Plan"

was issued for the first time

1996



Complying with the provisions of the Hero Spain Occupational Health and Safety Policy and following the high H&S standards of the Hero Group, we continue to uphold our commitment to the well-being of our staff. As evidenced by the certification of our Occupational Health and Safety Management System since 2006 in the international standard OHSAS 18.001:2007 and more recently with its migration to the new ISO 45001:2018 in 2019.

Hero Spain has its own **Occupational Hazard Prevention Service**, the activities of which are based on the legal requirements laid down in **Act 31/1995 on the Prevention of Occupational Hazards, Royal Decree 39/1997 of 17 January that adopts Prevention Services Regulation and the rest of the royal decrees and regulations** that develop the aforesaid Act.





After two years of the global pandemic caused by COVID-19, **Hero Spain's Contingency Plan, activated at the beginning of 2020**, has proven to be an excellent tool to prevent transmission of the virus among our workers and thus ensure that production and distribution of our products has continued in these times of health crisis.

There have been six successive waves of contagion during the two years the pandemic has lasted to date. Numerous workers have caught the virus in their family and social circles (fortunately the vast majority of them with mild symptoms) but, thanks to application of the Contingency Plan, have been no cases of internal transmission on Hero's premises. On the contrary, the Contingency Plan has been instrumental in making our facilities a safe, Covid-free place to work.

We can state – without fear of contradiction even though the pandemic is still rife – that as a company we have contributed not only to caring for and protecting our workforce from infection but also the surrounding community, while ensuring the continuity of an essential activity such as the production of foodstuffs.

Actions such conducting mass tests on the entire workforce after the vacations and the implementing traceability and follow-up of all positive COVID-19 diagnoses with early detection tests for workers and their family members by entering into agreements with specialised laboratories were some of the key measures that have enabled us to control the pandemic on our premises.



Along with the rest of Spain, we are currently in the phase of de-escalation of protection measures against COVID-19 after having debated the issue in the Contingency Committee and approved the measures in the Covid Committee (Contingency Committee plus the Management Committee), always acting on the side of prudence to gradually remove the restrictive protection measures.

These measures, among others, remain in effect:

- **Making face masks available in all work stations. This has proved to be a key protection measure to prevent internal transmission.**
- **Implementation of telecommuting in all positions for which it could be carried out.**
- **Constant collaboration with the regional and local health authorities.**
- **Absolute transparency and information through our internal communication channels to the entire workforce.**

The Company's efforts have been rewarded by the absence of internal transmission of the virus on our premises and the fact that we have continued to manufacture and distribute our products without interruption through the successive waves of contagion that have seriously affected society in general and especially the public health system.

Hero Spain has made invested heavily in time, resources, and psychosocial and ergonomic measures to protect the safety and health of our workers during the pandemic and to avoid interrupting the production processes. We have managed to create a safe working environment and prevented any internal transmission of COVID-19 whatsoever in the Company thanks to our people's commitment and sense of responsibility.

By creating and implementing internal action procedures, our occupational health and safety management team has been able to provide a quick and effective response to the challenges posed by the pandemic.



Accidents in the workplace and occupational diseases



$$1f = \frac{\text{Accident with sick leave}}{\text{Workers}} \times 1.000$$

24 accidents with sick leave were logged in 2021, all of minor importance, and no occupational diseases were detected.



The absenteeism rate stood at 6.11 (0.47 not work-related + 5.64 work-related) The following are the most representative indices (official IBERMUTUA data) for work-related accidents and/or occupational diseases in 2021.



(*) Average index of companies associated with Ibermutua (mandatory workplace accident insurance provider) in the period under study engaged in the same activity sector.

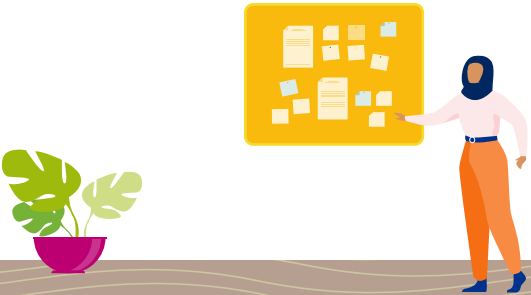
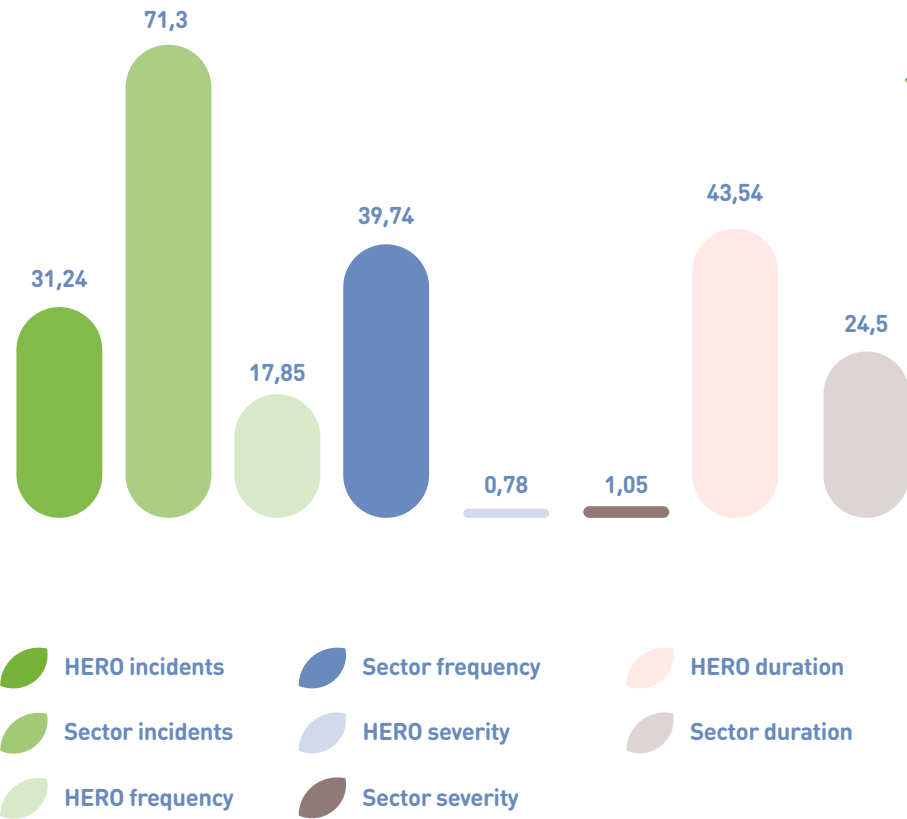
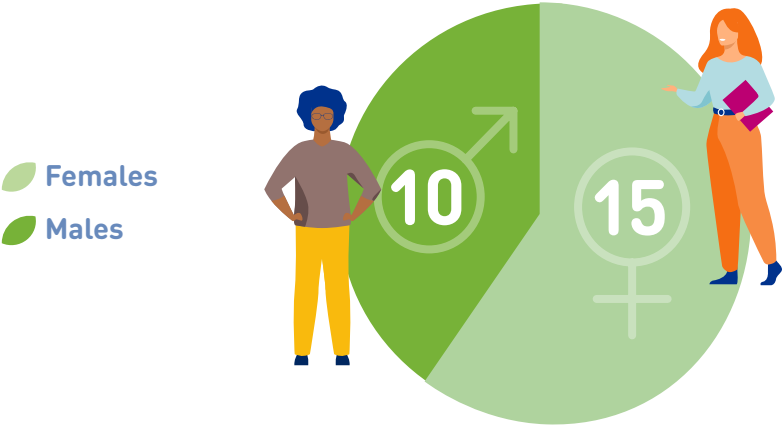
Workplace Accident				Occup. Illness	
	During workday		In itinere		
	Processes	Relapses	Processes	Relapses	Processes Relapses
Mild	24	0	1	0	0 0
Serious	0	0	0	0	0 0
Very serious	0	0	0	0	0 0
Mortal	0	0	0	0	0 0

Indicator	Company	Sector (*)	Description	
Incidence rate	31,24	71,30	$Ir = \frac{\text{Accident with sick leave}}{\text{Workers}} \times 1.000$ Accidents with sick leave 24 Workers 768	Number of workplace injuries/illnesses with sick leave excluding commuting accidents and relapses occurring during the workday per 1,000 workers exposed to risk.
Frequency index	17,85	39,74	$Fi = \frac{\text{Accident with sick leave}}{\text{Total hours worked}} \times 10^6$ Accident with sick leave 24 Total hours worked 1.344.332	Number of workplace injuries/illnesses with sick leave excluding commuting accidents and relapses occurring during the workday per 1,000 workers exposed to risk.
Severity index	0,78	1,05	$Si = \frac{\text{Lost workdays in period}}{\text{Total hours worked}} \times 10^3$ Workdays in period 1.045 Total hours worked 1.344.332	Number of days lost per 1,000 hours of work. Relapses are included and in itinere events are excluded.
Average Duration	43,54	24,50	$AD = \frac{\text{Workdays lost in period}}{\text{Accidents with sick leave}} \times 10^3$ Workdays in period 1.045 Accidents with sick leave 24	Number of workdays not worked in the period under study for each accident that occurred during a workday. Workdays lost due to relapses are also included and those due to commuting events are excluded.



As can be seen from the above table, the most representative indices from the point of view of incidence and frequency of workplace accidents are at least 50% lower than those of the sector (*) at the national level.

The following graph shows the distribution of work-related accidents broken down by gender.





There were no deaths due to workplace accidents or occupational disease during the year.

The incidence rates are calculated for every 1,000,000 hours worked and the rest are indicated in the formula.

The following hazards are identified in the Company's risk assessments as risks that could contribute to causing accident-based injuries with very serious consequences:

- Falls at different levels
- Work in confined spaces
- Works involving electrical hazard

The Company has put work procedures and special authorisations in place to mitigate the risks derived from activities in which these hazards may be present.

Other hazards that may be present are quantified in the associated Risk Assessments and mitigated by implementation of preventive action plans (derived from the RA) and operational

controls carried out by OHPS, OHS Officers and section managers. The Health and Safety Committee will **plan a suitable response in the event that a hazard** that requires application of a corrective measure cannot be eradicated or mitigated at the time it is detected.

There were no accidents that could have caused injuries with very serious consequences during the period under observation.

The Health and Safety Committee meets regularly every three months or as required. It is composed of four representatives of the Company and four workers' representatives (joint body) and its **meetings are also attended by managers and qualified experts from all areas of the company**. The following are its main functions:



1

To take part in the development, implementation and assessment of the Company's hazard prevention plans and programmes

2

To foster initiatives on methods and procedures for effective risk prevention by proposing improvements to working conditions or rectification of existing defects in processes or facilities





Sustainable and responsible business



Responsible and sustainable business

Our business model

The Hero Group was founded in 1886 in Lenzburg, Switzerland, as a fruit and vegetable processing company. It currently employs more than 4,000 people in 18 countries with different cultures and professional experiences but all united by common values in application of a common business model.

Hero Spain is a member of the Hero Group. It was founded in Alcantarilla (Murcia) in 1922. A hundred years later it is one of the leading food and infant-nutrition companies in the country. It innovates, produces and markets a wide range of foodstuffs using the best products that nature provides and applying extremely careful production processes to make the highest quality and naturalness available to its customers.

Our track record is strewn with challenges to our very existence that we have been able to overcome thanks to our strong values that have enabled us to keep growing and become the company we are today.

The Company's strategy is based on 5 major programmes:

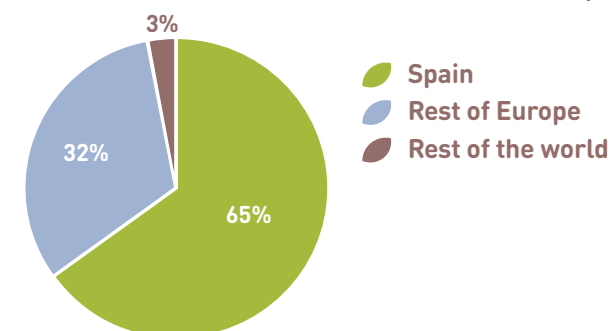
1. Renovation of our product portfolio
2. Perfect execution at the point of sale
3. Boosting alternative channels
4. Forming winning teams
5. Sowing for the future

Projects such as digitization to streamline processes and reduce bureaucracy.

Perfect execution as a common goal of all place our products at the points of sale in good time and form as the culmination of the entire production process. HeroFlex as a vehicle for change to a culture of greater autonomy guided by clear, common objectives and the Power of One as a way of doing things with enhanced coordination between the business functions, will be key to revitalising our day to day endeavours.

The Company has also integrated sustainability into its value chain and applies sustainability criteria in all processes. Our foods all have leading market shares in their respective segments.

SALES BY MARKET 2021



The following are the Company's main financial data:

	2021	2020	2019
Turnover	172.851.001 €	177.719.930 €	183.516.955 €
Resultado de explotación (EBITDA)	6.348.683 €	12.384.981 €	12.951.525 €
Resultado de explotación (EBIT)	888.912 €	172.851.001 €	7.250.194 €
Net profit (loss)	6.155.983 €	3.182.243 €	15.533.967 €
Total Assets	290,075,579 €	300.437.017 €	290.444.478 €
Capital and reserves	206.373.936 €	201,245,092 €	199.162.536 €
Capex (cash outlay for investment)	4.898.156 €	3.299.343 €	4.966.378 €
Net financial debt with third parties	(47.557) €	(767.617) €	247.021) €
Net financial debt with Group	25.015.105 €	30.016.452 €	32.004.709 €



2021 has not been an easy year for any economic sector due to the consequences of the economic crisis ushered in by the COVID-19 pandemic. Spain's GDP increased (+5.2%) (National Statistics Institute) in line with that of the Eurozone (+5.2%) (Cinco Días). The pandemic has impacted the economy in the form of a general price-rise steeper than any over the past 30 years, with a CPI upturn of around 6.5% (National Statistics Institute - INE). The rise in raw materials prices at the international level, increased distribution costs and the dramatic hike in energy prices are the main reasons why profitability has suffered in all sectors of the business fabric.

Unemployment, on the other hand, has fallen by three points to stand at 13.3% (INE) with special incidence among young people and women.

These factors, together with a new decline in the birth rate in Spain in 2021 with a drop of 0.6% (INE) compared to 2020 – the lowest figure since records began in 1941 – has led to a decline of 2.7% in turnover compared to 2020 to stand at 172.8 million euros. However, business variations still differ by market segments. The HoReCa channel experienced a sharp upturn of 17% in 2021 compared to the previous year, a dynamic conduct which, added to the growth of e-commerce with an upswing of 10% has helped to offset the decline in turnover on the rest of the domestic market including the retail channel which has been especially hard-hit by the economic context.

The 2022 financial year continues to be conditioned by the uncertainty of a turbulent business environment derived from the pandemic and its economic impact. The advent of war in Ukraine only adds fuel to the flames of rising industrial costs spurred by food and hydrocarbon shortages.

However, the Company's financial position remains solid and stable despite the impact of inflation on profitability in the second half of the

year. The gross operating outcome (EBITDA) in 2021 was **6.3 million euros**. The net operating outcome (EBIT) was **0.9 million euros** and the net outcome for the year amounted to **6.2 million euros**, an increase of two percentage points over the previous year's figure. Our financial autonomy also improved and now stands at **71%**.

The operating cash flow amounted to 10.1 million euros in 2021 We invested **4.9 million euros** mainly in production facilities. The debt with the Group's parent company was also reduced by **5 million euros**.

The following were the most significant investments in infrastructure and machinery during the 2021 financial year:

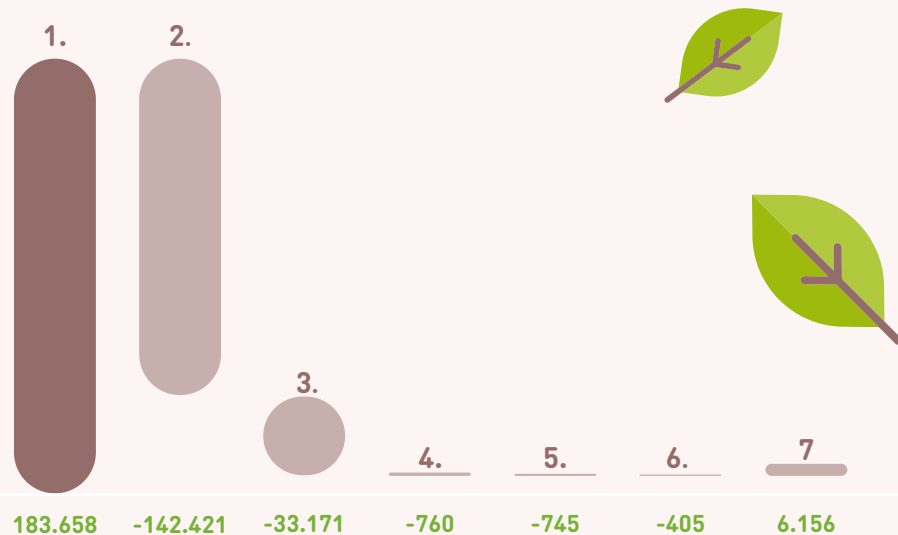
Investment	Cost (€)	Business objective
Production lines (cereals, jams, autoclaves)	1.508.190	Efficiency and optimisation of energy consumption New business lines Process automation Reduction of incidents Productivity improvement Reduction of losses Loss reduction
Laboratory	436.129	Adaptation to new processes
General infrastructures	313.602	Efficiency and optimisation of energy consumption Process automation Reduction of incidents
Logistics Centre	139.905	Improvement in productivity Reduction of incidents Efficiency

The Company received operating subsidies for the sum of **€ 98,292**. The Company has not received an official capital grant since 2012. As at 31 December 2021 the total gross amount of official capital subsidies received amounts to **€1,005,966**. 25% of which is pending amortisation. The economic value generated remains stable with 2020 at **184 million euros**.





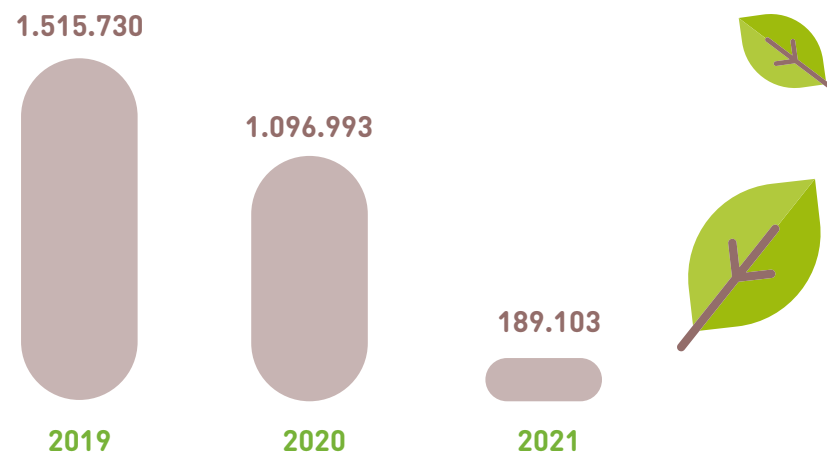
Direct economic value generated and distributed (thousand €)



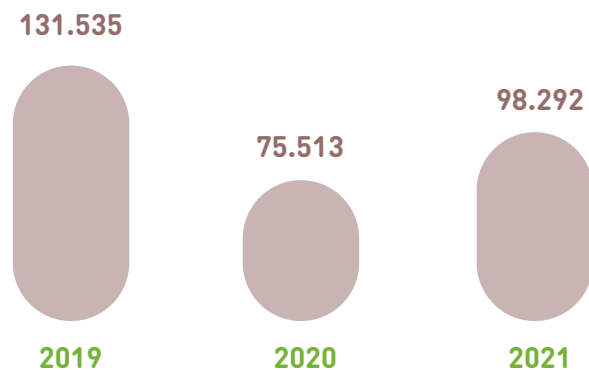
- 1. Economic value generated
- 2. Operational costs
- 3. Salaries and employee benefits
- 4. Payments to the government

- 5. Payments to providers of capital
- 6. Investments in the community
- 7. Economic value retained

Corporation tax (€)



Operating subsidies received (€)





A profitable growth model

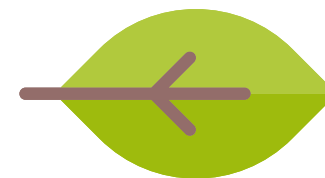


Hero Spain aspires to profitable and sustainable growth over time by using its strategic categories as growth levers: baby food, jams and healthy snacks supported by other specialties for adults. Consequently, our goal is to increase the weighting of the turnover from these categories by good portfolio management.

We will implement these changes aligned with a profitable growth model that seeks operational

excellence with good financial returns that we will invest in growth of the brand and innovation, which in turn translates into faster growth by achieving economies of scale that contribute to operational excellence.

Hero Spain pursues a virtuous circle with this strategy, the fundamental base for achieving the goal of profitable, sustainable growth.



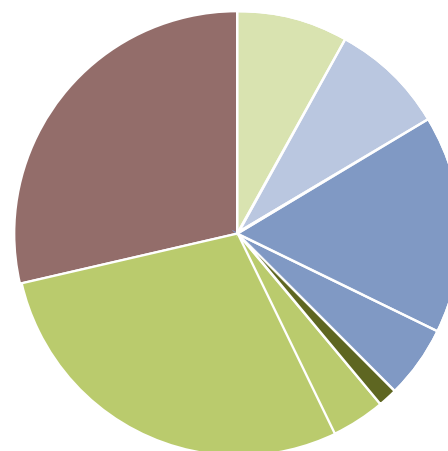
Regulatory compliance

Hero Spain provides training in the following key compliance areas:

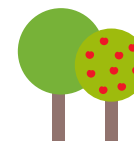
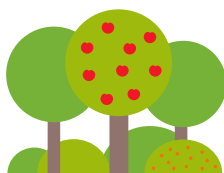
1. Criminal liability of legal persons (RPPJ)
2. European Data Protection Regulation (GDPR)
3. Competition: Defence of competition
4. The food chain
5. Food defence
6. Occupational Hazard Prevention

47 workers were trained in criminal liability, 46 in competition and 27 in data protection regulations in the new recruitment processes in the Company in 2021.

CRIMINAL LIABILITY (2017-2021) Personnel trained



- Commercial marketing export
- Manufacturing
- Innovation & quality PDI
- Plan & deliver
- Administration & Finance
- Human resources
- General secretary
- General management / Communication





Binding **Criminal Liability of Legal Persons** clauses have been inserted into the employment contracts of the entire workforce, in which they are informed that failure to comply with the same will be sufficient cause for dismissal.

By **signing this document the employee implicitly acknowledges** that he or she knows and understands the content of the clause and undertakes to accept and comply with them without reservation. Hero Spain has a Management System with IT tools to support the Company's Regulatory Compliance Management System.

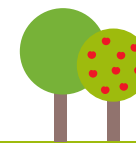
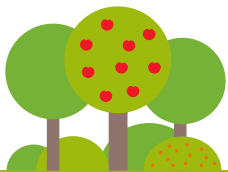
We approach these six areas as management systems by means of development and implementation of an organisation and management model for the prevention and control of the risk of criminal behaviour. It is coordinated from HR with the **participation of other Company departments, especially Finance and Financial Control**. The goal is to **create a specific culture in the organisation** to act as a guideline for appropriate conduct by the workforce.

Our **Compliance team** carried out a **compliance risk assessment** that **targeted a total of 28 crimes provided by the dedicated management tool** acquired from the consultancy firm PwC. We are aware that the chances of some of them occurring is negligible due to the robust surveillance tools used to attenuate them.



Of these 28 offences we paid special attention to the following:

1. Crimes against the environment
2. Crimes against the market and consumers
3. Influence peddling
4. Bribery
5. Against the right of workers
6. Tax Agency and Social Security
7. Business-related corruption
8. Privacy and unauthorised access
9. Against intellectual and industrial property
10. Against public health
11. Fraud





Anticipating potential unforeseen events: risk management

Hero Spain is currently implementing a structured risk management policy promoted by the Board of Directors and senior management. The goal is to articulate a systematic procedure to address the criminal liability risk by anticipation and prevention without neglecting detection. Implementation of this policy is expected to provide benefits such as achieving our strategic objectives, identifying opportunities for improvement, more efficient use of resources and obtaining the flexibility to respond quickly to new challenges.

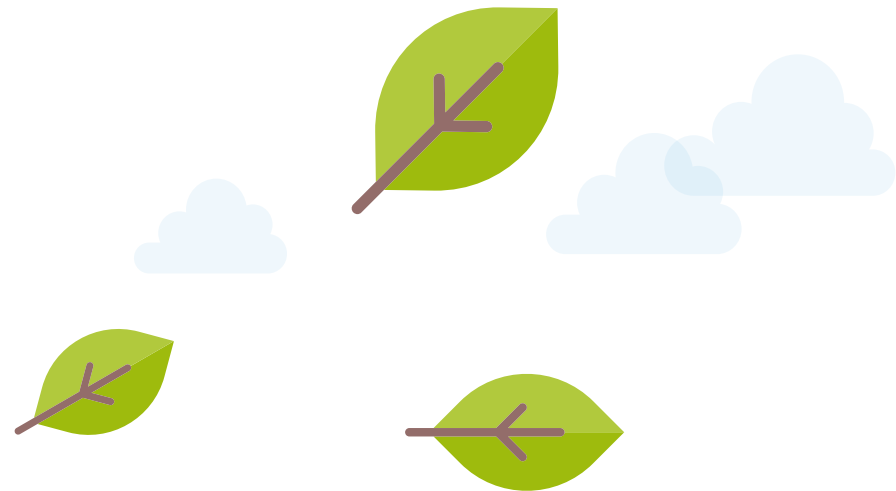
The Board of Directors reserves the power to approve said Risk Management Policy and to periodically monitor its internal information and

control systems. As a complement to the above, the Company is in the process of acquiring a risk management system based on a model that identifies key risk events, assesses them on the basis of their potential impact and probability of occurrence taking the existing controls into account and regularly monitors variations in the same.

The methodological approach we have adopted is based on the Enterprise Risk Management–Integrated Framework or COSO II, a method that enables us to identify, create, capture and sustain the value of corporate risk management.

The COSO method is based on a risk management approach in three dimensions:

1. An organisation's mission, vision, and core values determine its risk appetite, i.e. the type and amount of risk an organisation is willing to accept
2. Robust risk management increases management's confidence in the organisation's ability to achieve its strategy and objectives. The risks associated with said achievement must be managed in relation to its risk appetite
3. The performance of an organisation describes how its actions are being carried out in relation to the objectives. In this context, there is a risk associated with any performance target. There is always a degree of uncertainty regardless of the organisation's performance level





Risk management and control in Hero Spain is considered as a cyclical process composed of a series of stages within which certain activities must be carried out. The system focuses on ten basic principles or steps:



1. Knowing the Company's environment (which entails assessing factors such as processes, procedures, the human resources involved, technological infrastructure, the regulations currently applicable to Hero Spain's activities, etc.)

2. Analysing the potential risks, i.e., identifying the sectors, activities, processes, places, etc. (for example: identifying all the activities of a single process)

3. Identifying the critical control points and the hazards associated with each sector, activity, process, place, etc., evaluating the existing controls, if any, and defining which aspects of the process are critical and therefore must be monitored. These critical points are categorised into 5 types: environmental, operational, strategic, compliance or finance-related and reporting

4. Setting the thresholds for each critical control point (which risks are tolerable and which are not). To do so, the impact that the materialisation of the risk would cause and the probability of its occurrence must be analysed

5. Setting up a monitoring and control system for these critical points

6. Promulgating the corrective measures to be taken when surveillance indicates that a critical point has exceeded the threshold (said actions may include mitigating, accepting, avoiding or transferring the risk, etc.)

7. Implementing or putting the measures into practice, as required

8. Setting up testing procedures to verify proper operation of the system

9. Structuring a documentation system on all the procedures and the appropriate logs for these principles and their application

10. Reassessing the risks in the environment to detect new threats (a follow-up that restarts the cyclic process)

According to the management tool used, the risk management assessment conducted in 2018 identified 89 risks, all classified according to their impact (from low to very high) and probability of occurrence (from remote to very likely). Of these, 92% are located in the low to moderate risk levels.

Consequently, we pay special attention to the following:

- The competition
- Sociodemographic changes
- Changes in food-related habits
- The reputational risk





The Board of Directors will approve the Risk Management Policy. The Management Committee will be entrusted with supervising the effectiveness of the Company's internal control and risk management systems and with discussing any significant weaknesses detected in the internal control system.

The Management Committee performs this supervisory function through the Risk Management Section of the Planning and Finance Department, which in turn reports to the Board of Directors. The risk managers responsible for each risk within this structure are formally identified and entrusted with control and management of the risk in question at their level. They are in charge of assessing, mitigating or reducing the risks for which they are responsible within the framework of the system now being implemented.

Corporate governance

The governing bodies of Hero Spain are **the General Shareholders' Meeting** (the Hero Group holds 95.94% of the shares directly and 4.06% indirectly) and the **Board of Directors**.

The role of the General Meeting is to consider and adopt agreements on all matters for which it is competent in accordance with the applicable legislation and the Company's articles of association and, in general, for all matters that are subject to it within its legal sphere of competence at the request of the Board of Directors and of the shareholders themselves in the manner provided by law.

The Board of Directors, as the highest competent executive body of Hero Spain, has full authority to direct, manage and represent the Company in the course of the activities that comprise its corporate purpose. The members of the Board of Directors of Hero Spain do not receive remuneration for the performance of their duties as members of said Board which is composed of three people with an average age of 70 years:

- Chairman: Emilio Gimeno Cuspinera
- Vice-chairman: Markus Lenke
- Board-member Secretary: Eduardo Calpena Torá

The Board of Directors entrusts the ordinary management of the Company to the management team and focuses its activity on supervision and the general functions for which it is legally responsible.

The Hero Spain management team is composed by:

1. Javier Uruñuela Fernandez. General Manager, Hero Southern Europe
2. Alberto Abenza Pena. Financial and Systems Manager, Hero Southern Europe
3. Jon Mielgo Iza. Marketing Manager, Hero Southern Europe
4. Juan Tinoco Ferebero. HR Manager, Hero Southern Europe
5. Andres Rodriguez Casas. Supply Chain Manager, Hero Southern Europe
6. Cristobal Ortega Moreno-Tome. Sales Manager, Hero Spain
7. Luis Miguel Castillon Vela. Export Manager, Hero Spain
8. Encarna Guirao Jara. General Secretariat Manager, Hero Spain





Code of Ethics and Conduct

Here at Hero Spain we have put a Code of Ethics and Conduct in place that contains a series of general conduct rules that provide guidance on how to act in certain situation in the course of the professional activity of all the people that comprise the Company, always in compliance with the currently applicable legislation.

We assume the commitment to act at all times in accordance with the current legislation and internationally-accepted ethical practices with full respect for human rights and public freedoms. The activities and transactions that Hero Spain performs are carried out in accordance with the business culture and procedures based on Company policy and the United Nations Global Compact, the goal of which is observance of universal principles in the human rights, employment standard and environmental fields.

Hero Spain respects freedom of association and collective bargaining. We categorically reject child labour and any form of exploitation in general. We will not tolerate forced labour or work that involves physical or psychological abuse, exploitation of underprivileged groups or illegal labour trafficking. Hero Spain is also committed to refraining from employing foreign citizens or minors who lack work permits.

Hero Spain's entire workforce must refrain from any conduct that, even without infringing the law, could be detrimental to the Company's or the brand's reputation. All Company personnel must act honestly and with integrity in their dealings with other people and transactions and must be familiar with the laws that affect their work. Personnel must not knowingly collaborate with third parties to break the law.

Within our regulatory compliance system we have assessed the probability of occurrence of human trafficking in the Company in order to recognise any inappropriate conduct in this respect that could occur in the Company. Con-

sequently, we have set up specific procedures to prevent human trafficking, prostitution and sexual exploitation.

The Company has put a Regulatory Compliance Committee (RCC) or Ethics and Conduct Committee (ECC) as a joint participation body that exercises the Regulatory Compliance function and is entrusted with resolving internal discrepancies in questions of Criminal Liability of the legal person.

The Area Directorates (Hazard Prevention and Environmental Protection), under the guidance and in collaboration with the RCC, will coordinate and supervise the regulatory compliance work on the ground. This Committee will consist of six members, four permanent and two temporary who will be renewed every five years provided that no circumstances arise that would justify removing them earlier.

These members shall have the technical, professional and personal qualifications and specific training, experience and hierarchical and organisational independence to carry out their tasks.

Permanent members:

- The General Manager (Chairperson).
- HR Manager
- Administration Manager
- General Secretary
- The person responsible for the Management Model (Secretary).

Temporary members:

- I&Q Manager
- Production Manager





The **ethical principles of this code include “the commitment to act at all times in compliance with the currently applicable legislation and internationally-accepted ethical practices** with total respect for human rights and public freedoms. Operations and transactions performed by Hero Spain shall be conducted in accordance with its corporate culture and procedures developed on the basis of company policy, the goal of which is to adopt universally accepted principles in the human rights, employment and environmental fields.”

Other principles refer to **gender equality, respect for people, work-life balance and the right to disconnect, safety and health at work and recruitment, remuneration and professional development of the workforce.** The Code of Ethics also sets up a series of general guidelines for conduct vis-à-vis respect for the environment, corruption, money laundering, conflicts of interest and food quality and safety, among other issues.

The system will enable reporting of conduct or facts that could constitute the following acts or omissions:

1. Breaches of the Code of Ethics and Conduct
2. Failure to comply with external regulations / applicable legislation
3. Infringement of Hero's internal rules
4. Fraud or criminal activities

Any member of the Company may report such behaviour or be reported. Complaints may be laid by telephone, by email to (canaldenuncias@hero.es), in person or by any other suitable means. The confidentiality of the complainant's data of a personal nature is guaranteed in accordance with the currently applicable regulations on data protection.

“All operations and transactions performed by Hero Spain are conducted in accordance with its corporate culture and procedures developed on the basis of company policy, the goal of which is to adopt universally-accepted principles in the human rights, employment and environmental fields.”

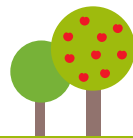




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ENVIRONMENTAL STANDARDS		
MATERIALS		
301-1 Materials used by weight or volume		13-20
301-2 Recycled input materials used	Not reported	
301-3 Reclaimed products and their packaging materials	Not reported	
ENERGY		
302-1 Energy consumption in the organisation		19-20
302-2 Energy consumption outside of the organisation		19-20
302-3 Energy intensity		19-20
302-4 Reduction of energy consumption		19-20
302-5 Reductions in energy requirements of products and services	Not reported	
WATER		
303-1 Interaction with water as a shared resource	Not reported	
303-2 Management of water discharge-related impacts	Not reported	
303-3 Water withdrawal		15
303-4 Water discharge	Not reported	
303-5 Water consumption		15
BIODIVERSITY		
304-1 Operational sites owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas	None	
304-2 Significant impacts of activities, products and services on biodiversity	There have been no significant impacts	
304-3 Habitats protected or restored		12-13, 60
304-4 IUCN Red List species and national conservation list species with habitats in areas affected by operations	Not reported	



GRI standards	Comments	Page NFIS
EMISSIONS		
305-1 Direct (scope 1) GHG emissions		19-20
305-2 Energy indirect (Scope 2) GHG emissions	Not reported	
305-3 Other indirect (Scope 3) GHG emissions	Not reported	
305-4 GHG emissions intensity		19-20
305-5 Reduction of GHG emissions		19-20
305-6 Emissions of ozone-depleting substances (ODS)	Not reported	
305-7 Nitrogen oxides (NOx), sulphur oxides (SOx) and other significant air emissions	Not reported	19-20
EFFLUENTS AND WASTE		
306-1 Waste generation and significant waste-related impacts	Not reported	
306-2 Management of significant waste-related impacts	Not reported	
306-3 Waste generated		16-18
306-4 Waste diverted from disposal	Not reported	
306-5 Waste directed to disposal	There have been no spills	
ENVIRONMENTAL COMPLIANCE		
307-1 Non-compliance with environmental laws and regulations	There have been no infringements	
SUPPLIER ENVIRONMENTAL ASSESSMENT		
308-1 New suppliers that were screened using environmental criteria		13
308-2 Negative environmental impacts in the supply chain and actions taken	Not reported	



GRI standards	Comments	Page NFIS
SOCIAL STANDARDS		
EMPLOYMENT		
401-1 New employee hires and employee turnover	The data on "employee turnover" of this indicator by age group, gender and region are reported as absolute values.	35-38
401-2 Benefits provided to full-time employees that are not provided to temporary or part-time employees	Reported in section a)	35-41, 50
401-3 Parental leave	This data is reported in section b)	
WORKER/COMPANY RELATIONS		
402-1 Minimum notice periods regarding operational changes	Collective agreement	
OCCUPATIONAL HEALTH AND SAFETY		
403-1 Occupational health and safety management system		61-62
403-2 Hazard identification, risk assessment and incident investigation	Not reported	
403-3 Occupational health services	Not reported	
403-4 Worker participation, consultation, and communication on occupational health and safety	Not reported	
403-5 Worker training on occupational health and safety	Not reported	
403-6 Promotion of worker health	Not reported	
403-7 Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	Not reported	
403-8 Workers covered by an occupational health and safety management system		36-38
403-9 Work-related injuries	Not reported	
403-10 Work-related ill health	Not reported	



GRI standards	Comments	Page NFIS
TRAINING AND EDUCATION		
404-1 Average hours of training per year per employee		54-56
404-2 Programs for upgrading employee skills and transition assistance programs		54-56
404-3 Percentage of employees receiving regular performance and career development reviews	The % of employees by gender who have received a periodic performance assessment is calculated on the basis of the total number of employees assessed, not on the total number of employees in the organisation.	54-56
DIVERSITY AND EQUAL OPPORTUNITY		
405-1 Diversity of governance bodies and employees		42-44, 74-75
NON-DISCRIMINATION		
406-1 Incidents of discrimination and corrective actions taken	No complaints have been received through the complaints channel	
FREEDOM OF ASSOCIATION AND COLLECTIVE BARGAINING		
407-1 Operations and suppliers in which the right to freedom of association and collective bargaining may be at risk	No case has been detected	
408-1 Operations and suppliers at significant risk for incidents of child labour	No case has been detected	
409 FORCED OR COMPULSORY LABOUR		
409-1 Operations and suppliers at significant risk for incidents of forced or compulsory labour	No case has been detected	
410 SECURITY PRACTICES		
410-1 Security personnel trained in human rights policies or procedures	Not reported	
411 RIGHTS OF INDIGENOUS PEOPLES		
411-1 Incidents of violations involving rights of indigenous peoples	Not reported	
412 HUMAN RIGHTS ASSESSMENT		



GRI standards	Comments	Page NFIS
412-1 Operations that have been subject to human rights reviews or impact assessments	Not reported	
412-2 Employee training on human rights policies or procedures	No such training was conducted	
412-3 Significant investment agreements and contracts that include human rights clauses or that underwent human rights screening	Not reported	
412-3 Acuerdos y contratos de inversión significativos con cláusulas sobre derechos humanos o sometidos a evaluación de derechos humanos	Not reported	
413 LOCAL COMMUNITIES		
413-1 Operations with local community engagement, impact assessments, and development programs	Not reported	
413-2 Operations with significant actual and potential negative impacts on local communities	No operation with a significant negative impact was carried out	
414 SUPPLIER SOCIAL ASSESSMENT		
414-1 New suppliers that were screened using social criteria		13
414-2 Negative social impacts in the supply chain and actions taken	Not reported	
415: PUBLIC POLICY		
415-1 Political contributions	None	
416 CUSTOMER HEALTH AND SAFETY		
416-1 Assessment of the health and safety impacts of product and service categories		32-34 61-65
416-2 Incidents of non-compliance concerning the health and safety impacts of products and services		32-35
417 MARKETING AND LABELLING		
	We comply with the mandatory regulatory requirements	
417-1 Requirements for product and service information and labelling	Not reported	
417-2 Incidents of non-compliance concerning product and service information and labelling	There have been no such infringements	
417-3 Incidents of non-compliance concerning marketing communications	There have been no such infringements	
418 CUSTOMER PRIVACY		
418-1 Substantiated complaints concerning breaches of customer privacy and losses of customer data	No complaints were received in this respect	
419 SOCIOECONOMIC COMPLIANCE		
419-1 Non-compliance with laws and regulations in the social and economic area	There have been no such infringements	

